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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in METALLURGICAL CORPORATION OF CHINA LTD.\*, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON FINAL ACCOUNTS OF THE COMPANY FOR THE YEAR 2023**  
**PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2023**  
**PROPOSED APPROVAL OF THE PROPOSAL OF THE EMOLUMENTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2023**  
**PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF GUARANTEES TO BE PROVIDED BY THE COMPANY FOR THE YEAR 2024**  
**PROPOSED APPROVAL OF THE PROPOSAL OF THE APPOINTMENT OF THE COMPANY'S AUDITOR AND INTERNAL CONTROL AUDITOR FOR THE YEAR 2024**  
**PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF REGISTRATION AND ISSUANCE OF DOMESTIC BONDS OF THE COMPANY FOR THE YEAR 2024**  
**PROPOSED APPROVAL OF THE PROPOSALS OF THE ENTERING INTO OF THE NEW FINANCIAL SERVICES AGREEMENT BETWEEN THE COMPANY AND MINMETALS FINANCE COMPANY AND THE ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2027**  
**PROPOSED APPROVAL OF THE PROPOSALS OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENT BETWEEN THE COMPANY AND CHINA MINMETALS AND THE ANNUAL CAPS FOR 2025**  
**PROPOSED APPROVAL OF THE PROPOSAL OF GRANT OF GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE SHARES**  
**PROPOSED APPROVAL OF THE PROPOSAL OF ASSET-BACKED SECURITIZATION BUSINESS PLAN**  
**PROPOSED APPROVAL OF THE PROPOSAL OF THE CLOSURE OF PART OF THE COMPANY'S A SHARE FUND RAISING PROJECT AND THE USE OF THE REMAINING PROCEEDS FOR PERMANENT REPLENISHMENT OF LIQUIDITY**  
**PROPOSED APPROVAL OF THE PROPOSAL OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND**  
**PROPOSED APPROVAL OF THE PROPOSAL OF AMENDMENTS TO THE RULES FOR THE WORK OF INDEPENDENT DIRECTORS OF MCC**

**Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**



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A letter from the Board of Directors of the Company is set out on pages 1 to 39 of this circular.

A notice convening the AGM (as defined in this circular) to be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Tuesday, 25 June 2024 at 10:00 a.m., is set out on pages 150 to 152 of this circular. If you intend to appoint a proxy to attend the AGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), not less than 24 hours before the time fixed for the holding of the AGM or any adjourned meeting thereof (excluding any public holiday). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjourned meeting thereof should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the accompanying reply slip to Computershare Hong Kong Investor Services Limited (for holders of H Shares) on or before Thursday, 20 June 2024.

3 June 2024

\* For identification purposes only

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	ii
<b>LETTER FROM THE BOARD</b> .....	1
<b>APPENDIX I – LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	40
<b>APPENDIX II – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	42
<b>APPENDIX III – PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS</b> .....	76
<b>APPENDIX IV – WORK REPORT OF THE BOARD</b> .....	101
<b>APPENDIX V – WORK REPORT OF THE SUPERVISORY COMMITTEE</b> .....	123
<b>APPENDIX VI – RULES FOR THE WORK OF INDEPENDENT DIRECTORS</b> .....	128
<b>APPENDIX VII – GENERAL INFORMATION</b> .....	146
<b>NOTICE OF THE 2023 ANNUAL GENERAL MEETING</b> .....	150

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings.*

“A Shares”	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB;
“AGM”	the 2023 annual general meeting of the Company to be convened and held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Tuesday, 25 June 2024 at 10:00 a.m.;
“Articles of Association”	the articles of association of the Company;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Board” or “Board of Directors”	the board of directors of the Company;
“China Minmetals”	China Minmetals Corporation* (中國五礦集團有限公司), a state wholly-owned enterprise established in the PRC under the direct control of the State-owned Assets Supervision and Administration Commission of the State Council, and the indirect controlling Shareholder of the Company;
“China Minmetals Group”	China Minmetals and its subsidiaries and associates, including CMGC and its subsidiaries, but not including the Group;
“CMGC”	China Metallurgical Group Corporation* (中國冶金科工集團有限公司), a state wholly-owned enterprise established in the PRC, the direct controlling Shareholder of the Company, and a wholly-owned subsidiary of China Minmetals;
“Company” or “MCC”	Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC on 1 December 2008, and (unless the context requires otherwise) all of its subsidiaries;

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## DEFINITIONS

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“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company, including all executive, non-executive and independent non-executive directors;
“EPC”	engineering, procurement and construction;
“Financial Services Agreement”	the financial services agreement entered into between the Company and Minmetals Finance Company on 25 May 2022 for the provision of relevant financial services to the Group;
“Framework Agreement”	the Mutual Supply of Comprehensive Raw Materials, Products and Services Agreement entered into between the Company and China Minmetals on 10 May 2023;
“Group”	the Company and all of its subsidiaries;
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Hong Kong Stock Exchange;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Company formed to consider the continuing connected transactions described in this circular, comprising all independent non-executive Directors, namely, Mr. Zhou Jichang, Mr. Liu Li and Mr. Ng, Kar Ling Johnny;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the new annual caps for the transactions under the credit extension services and deposit services under the New Financial Services Agreement (including relevant annual caps), and the transactions under the New Framework Agreement in relation to the sale and purchase of materials (income and expenditure) and engineering construction (income) (including relevant annual caps);
“Independent Shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Latest Practicable Date”	27 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Minmetals Finance Company”	CMC Finance Co., Ltd., a company established in the PRC and a non wholly-owned subsidiary of China Minmetals;
“New Financial Services Agreement”	the financial services agreement entered into between the Company and Minmetals Finance Company on 16 May 2024 for the provision of relevant financial services to the Group;
“New Framework Agreement”	the Mutual Supply of Comprehensive Raw Materials, Products and Services Agreement entered into between the Company and China Minmetals on 16 May 2024;

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## DEFINITIONS

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“Notice”	the notice convening the AGM;
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC;
“PRC”	the People’s Republic of China, but for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Reporting Period”	from 1 January 2023 to 31 December 2023;
“RMB”	Renminbi, the lawful currency of the PRC;
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	shareholders of the Company;
“Shares”	share(s) of the Company with a nominal value of RMB1.00 each, which refer(s) to both A Shares and H Shares;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Supervisors(s)”	the supervisors of the Company;
“Supervisory Committee”	the supervisory committee of the Company; and
“Two Funds”	the accounts receivables and inventories.

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LETTER FROM THE BOARD

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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)

*Directors:*

Mr. Chen Jianguang (*Executive Director*)  
Mr. Zhou Jichang (*Independent Non-executive Director*)  
Mr. Lang Jia (*Non-executive Director*)  
Mr. Liu Li (*Independent Non-executive Director*)  
Mr. Ng, Kar Ling Johnny  
(*Independent Non-executive Director*)  
Mr. Yan Aizhong (*Non-executive Director*)

*Registered Office/Principal Place  
of Business in the PRC:*

MCC Tower  
No. 28 Shuguang Xili  
Chaoyang District  
Beijing, 100028  
PRC

*Principal Place of Business in Hong Kong:*

Room 3205, 32/F  
Office Tower Convention Plaza  
1 Harbour Road  
Wanchai  
Hong Kong

3 June 2024

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON FINAL ACCOUNTS OF THE  
COMPANY FOR THE YEAR 2023**  
**PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION PLAN OF THE COMPANY  
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INDEPENDENT DIRECTORS OF MCC**

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The AGM will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Tuesday, 25 June 2024 at 10:00 a.m.. The Notice set out in this circular contains details of the resolutions to be proposed at the AGM. The proxy form and reply slip for the AGM are enclosed with this circular.

### 1. PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON FINAL ACCOUNTS OF THE COMPANY FOR THE YEAR 2023

According to the relevant requirements of the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission, the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has completed the preparation work for the financial report for the year 2023, which was audited by Ernst & Young Hua Ming LLP (Special General Partnership) (hereinafter referred to as “**Ernst & Young**”), and a standard unqualified audit report was issued.

The key indicators of the Company’s financial final accounts for the year 2023 are set out below:

#### (1) Revenue and profit

In 2023, the operating revenue increased by RMB41.2 billion to RMB633.9 billion, representing a year-on-year increase of 7%. Total profit decreased by RMB1.6 billion to RMB13.8 billion, representing a year-on-year decrease of 10.6%. Net profit decreased by RMB1.5 billion to RMB11.4 billion, representing a year-on-year decrease of 11.8%. Net profit attributable to the parent company decreased by RMB1.6 billion to RMB8.7 billion, representing a year-on-year decrease of 15.6%.

#### (2) Cash flows

In 2023, net cash inflow generated from operating activities amounted to RMB5.9 billion, representing a year-on-year decrease of inflow of RMB12.3 billion. In 2023, net cash outflow generated from investing activities amounted to RMB6.7 billion, representing a year-on-year increase of outflow of RMB0.2 billion. In 2023, net cash inflow generated from financing activities amounted to RMB1.2 billion, representing a year-on-year increase of outflow of RMB10.8 billion.



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## LETTER FROM THE BOARD

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### (3) Assets and liabilities

As of the end of 2023, total assets of the Company increased by RMB76.2 billion to RMB661.6 billion, representing an increase of 13% over the end of previous year. Total liabilities increased by RMB70.1 billion to RMB493.6 billion, representing an increase of 16.6% over the end of previous year. Net assets increased by RMB6.1 billion to RMB168 billion, representing an increase of 3.8% over the end of previous year. Gearing ratio was 74.6%, representing an increase of 2.3 percentage points over the end of previous year.

For detailed financial data of the Company for the year ended 31 December 2023, please refer to the section headed “Financial Statements” in the 2023 annual report of the Company.

The proposal has been considered and approved at the 57th meeting of the third session of the Board, which is now proposed for consideration and approval at the AGM.

## 2. PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2023

According to the 2023 audited annual financial report of the Company, the net profit attributable to the Shareholders of the listed company in the consolidated statements of MCC for the year 2023 amounted to RMB8,670.4052 million, and the undistributed profit of the head office of MCC amounted to RMB5,973.3769 million. Based on the total number of 20,723,619,170 Shares in the total Share capital, the Board proposed to distribute a cash dividend of RMB0.72 per 10 Shares (tax inclusive) that added up to a total amount of RMB1,492.10 million, representing 24.98% of the distributable profit and 17.21% of the net profit attributable to the Shareholders of listed company in the consolidated statements, by adopting the way of cash dividend distribution. Upon distribution, the remaining distributable profit amounted to RMB4,481.28 million.

The proposal has been considered and approved at the 57th meeting of the third session of the Board, which is now proposed for consideration and approval at the 2023 AGM.

## LETTER FROM THE BOARD

### 3. PROPOSED APPROVAL OF THE PROPOSAL OF THE EMOLUMENTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2023

According to the relevant requirements of the Articles of Association, the emoluments of the current Directors and the Supervisors as of 31 December 2023 for the year 2023 are set out below:

#### Directors' and Supervisors' Emoluments

*Unit: RMB*

Name	Basic salaries, housing allowances and other allowances in total	Pension scheme contributions (pension insurance borne by the Company)	Performance remuneration	Total annual remuneration
Chen Jianguang	0	0	0	0
Zhou Jichang	271,400.00	0	0	271,400.00
Lang Jia	262,400.00	0	0	262,400.00
Liu Li	271,400.00	0	0	271,400.00
Ng, Kar Ling Johnny	274,400.00	0	0	274,400.00
Yan Aizhong	1,025,716.00	62,822.88	336,329.00	1,424,867.88
<b>Sub-total of Directors</b>	<b>2,105,316.00</b>	<b>62,822.88</b>	<b>336,329.00</b>	<b>2,504,467.88</b>
Yin Sisong	906,316.00	62,822.88	620,800.00	1,589,938.88
Zhang Yandi	0	0	0	0
Chu Zhiqi	272,208.00	41,132.64	226,522.00	539,862.64
<b>Sub-total of Supervisors</b>	<b>1,178,524.00</b>	<b>103,955.52</b>	<b>847,322.00</b>	<b>2,129,801.52</b>

The proposal has been considered and approved at the 57th meeting of the third session of the Board, which is now proposed for consideration and approval at the AGM.

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## LETTER FROM THE BOARD

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#### **4. PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF GUARANTEES TO BE PROVIDED BY THE COMPANY FOR THE YEAR 2024**

The Board proposed that the Company and its subsidiaries provide guarantees of up to RMB42.45 billion (or its equivalent in foreign currency, same as below) in 2024 for the purposes of satisfying the fund requirements of the Company and its subsidiaries and ensuring their normal production, operation and basic construction.

##### **A. The guarantee plan to be provided by the head office of the Company and its subsidiaries for the year 2024**

The Company and its subsidiaries plan to provide guarantees of up to RMB42.45 billion for the year 2024, representing 29.2% of the unaudited net assets of the Company attributable to the Shareholders of the listed company as at the end of 2023, which specifically include:

- (a) the guarantees intended to be provided by the head office of MCC for its subsidiaries amounting to not more than RMB39.02 billion;
- (b) the guarantees to be provided by subsidiaries of MCC for the entities units which fall within the scope of consolidated statements of MCC amounting to not more than RMB3.43 billion.

Guarantees under the above guarantee plan is guarantee as stipulated in the Civil Code of the People's Republic of China in the form of loan, letter of guarantee, bills and letter of credit, etc. as well as guarantee for operation, and the period of such guarantees will be subject to the financing needs of the guaranteed parties and the guarantee contracts to be entered into.

A total of 37 guaranteed companies are involved in this guarantee plan, including 8 second-tier subsidiaries and 29 third-tier or below subsidiaries.

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## LETTER FROM THE BOARD

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**B. The term of the guarantee plan**

The above guarantee plan shall have a term from the date on which it is approved at the AGM to the convening date of the 2024 annual general meeting.

**C. Authorization to approve specific guarantee business under the guarantee plan**

Within the scope of 2024 annual guarantee plan, with the guarantor being unchanged, the guarantee amount may be shared between wholly-owned subsidiaries and between controlling subsidiaries with a gearing ratio of more than (or equal to) 70%; the guarantee amount may be shared between wholly-owned subsidiaries and between controlling subsidiaries with a gearing ratio of less than 70%.

It is proposed to the general meeting of the Company to authorize the President's Office of the Company to approve the specific guarantee business and adjustment matters occurring within the scope of 2024 annual guarantee plan for MCC and its subsidiaries.

The proposal has been considered and approved at the 57th meeting of the third session of the Board, which is now submitted to the AGM for consideration and approval.

Details of the above proposal are set out in the overseas regulatory announcement in relation to the guarantee plan of the Company published on the Hong Kong Stock Exchange's and the Company's websites on 28 March 2024.

**5. PROPOSED APPROVAL OF THE PROPOSAL OF THE APPOINTMENT OF THE COMPANY'S AUDITOR AND INTERNAL CONTROL AUDITOR FOR THE YEAR 2024**

The Board proposes to appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the auditor and internal control auditor of the Company for the year 2024 and proposes to authorize the Board to determine its remuneration. The proposal has been considered and approved at the 57th meeting of the third session of the Board, and is now submitted to the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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### **6. PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF REGISTRATION AND ISSUANCE OF DOMESTIC BONDS OF THE COMPANY FOR THE YEAR 2024**

To lower the financing interest rate and optimize the capital structure, the Board proposes to consider and approve the plan of registration and issuance of domestic bonds of the Company for the year 2024 by way of special resolution at the AGM. The details are set out below:

1. MCC Headquarters plan to make an application to the National Association of Financial Market Institutional Investors for the registration of debt financing instruments (TDFI) of non-financial enterprises, which will be issued by tranches within the validity period of the acceptance notice. The resolution shall be effective from the date of consideration and approval at the general meeting till the validity period of the approval of the acceptance notice by the National Association of Financial Market Institutional Investors.
2. MCC Headquarters plan to make an application to the China Securities Regulatory Commission through the Shanghai Stock Exchange for the “shelf offering” of corporate bonds of not exceeding RMB15 billion (inclusive). It will be issued by tranches within the validity period. The resolution shall be effective from the date of consideration and approval at the general meeting till the validity period of the approval of the issuance by the China Securities Regulatory Commission.
3. It is proposed to the general meeting to authorize the Board and to allow the Board to further authorize the President’s Office of the Company to deal with the matters in relation to the above-mentioned plan of registration and issuance of bonds, including but not limited to issuance plan, issuance documents, establishment of special accounts, post-issuance management, etc. in accordance with the resolution of the general meeting and the authorization from the Board. The authorizations above shall be effective from the date of approval at the general meeting till the date of completion of the aforesaid authorized matters.

The proposal has been considered and approved at the 57th meeting of the third session of the Board, which is now submitted to the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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**7. PROPOSED APPROVAL OF THE PROPOSALS OF THE ENTERING INTO OF THE NEW FINANCIAL SERVICES AGREEMENT BETWEEN THE COMPANY AND MINMETALS FINANCE COMPANY AND THE ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2027**

### **BACKGROUND**

References are made to the announcements of the Company dated 28 March 2024 and 16 May 2024 in relation to, among other things, the entering into of the New Financial Services Agreement.

On 28 March 2024, the Board approved the Company to enter into the New Financial Services Agreement with Minmetals Finance Company, a subsidiary of China Minmetals, pursuant to which Minmetals Finance Company will provide composite credit facilities services, deposit services and other financial services to the Group for a term from 1 January 2025 to 31 December 2027.

In accordance with the Guidelines for Project Financing Business (《項目融資業務指引》), and Interim Measures for the Administration of Fixed Assets Loans (《固定資產貸款管理暫行辦法》), Minmetals Finance Company may require borrowers, i.e., the Group, to provide assets, such as real estate, construction in progress, machinery and equipment, land use rights, and franchise rights, as collaterals, with respect to the composite credit facilities services to be provided by Minmetals Finance Company to the Group. Other financial services to be provided by Minmetals Finance Company to the Group include but are not limited to the provision of financial and financing advisory, credit verification and related advisory and agency services; provision of insurance agency services; provision of entrusted loans and entrusted investment services; assistance in the receipt and payment of transaction proceeds; provision of internal funds transfer and settlement services; underwriting of corporate bonds; and other services permitted to be conducted under the financial licence.

On 16 May 2024, the Company and Minmetals Finance Company entered into the New Financial Services Agreement.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

Minmetals Finance Company is a subsidiary of China Minmetals, which is an indirect controlling Shareholder of the Company, therefore, Minmetals Finance Company is a connected person of the Company. As such, the transactions contemplated under the New Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the composite credit facilities services under the New Financial Services Agreement exceed 5%, such transactions are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to the deposit services under the New Financial Services Agreement, as one or more of the applicable percentage ratios of the maximum daily balance of deposits (including accrued interest) exceed 5%, such continuing connected transactions are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as one or more of the applicable percentage ratios under the Listing Rules in respect of the deposit services under the New Financial Services Agreement exceed 5% but less than 25%, the deposit services under the New Financial Services Agreement also constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### NEW FINANCIAL SERVICES AGREEMENT

The main terms of the composite credit facilities services and deposit services under the New Financial Services Agreement are summarized as follows:

***Parties:***

- (1) The Company; and
- (2) Minmetals Finance Company

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## LETTER FROM THE BOARD

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***Transaction types:***

Pursuant to the New Financial Services Agreement, Minmetals Finance Company agreed to provide the following services to the Group:

- (1) Composite credit facilities services: Minmetals Finance Company will provide composite credit facilities and services thereunder to the Group, including the handling of loans and finance lease applications, bills acceptance and discounting, the provision of guarantees and the applications for letters of guarantee.
- (2) Deposit services: Minmetals Finance Company will provide deposit services to the Group.

***Term:***

Subject to the approval by the Independent Shareholders at the AGM, the New Financial Services Agreement will be valid from 1 January 2025 to 31 December 2027. The New Financial Services Agreement can be extended or renewable for a term of three years if there is no disagreement from both parties, subject to compliance with all applicable laws and regulations and all applicable requirements under the Listing Rules.

***Pricing policies:***

- (1) Composite credit facilities services: The interest rate on the loans provided by Minmetals Finance Company to the Group shall be determined in accordance with the Loan Prime Rate (LPR) published by the PBOC, which shall not be higher than the interest rate on the loans of the same type provided by Minmetals Finance Company to other member units of China Minmetals, and shall be determined on normal commercial terms.
- (2) Deposit services: The interest rate on the deposit services provided by Minmetals Finance Company to the Group shall not be lower than the benchmark deposits interest rate on deposits of the same type with the same maturity published by the PBOC and the interest rate on deposits provided by Minmetals Finance Company to other member units of China Minmetals under the same conditions, and shall be determined on normal commercial terms.



## LETTER FROM THE BOARD

### Historical Data

The historical amounts of transactions of various transactions between the Group and Minmetals Finance Company for the two years ended 31 December 2023 and for the period from 1 January 2024 to 30 April 2024 are as follows:

*Unit: RMB0'000*

Transaction type	For the year ended 31 December						For the period from 1 January to 30 April 2024		
	2022			2023			Annual caps	Amount incurred	Utilisation Rate
	Annual caps	Amount incurred	Utilisation Rate	Annual caps	Amount incurred	Utilisation Rate			
Maximum daily balance of composite credit facilities granted to the Group by Minmetals Finance Company <sup>Note 1</sup>	3,000,000	4,954	0.17%	3,000,000	318,790	10.63%	3,000,000	328,705	10.96%
Daily balance of the Group's deposits with Minmetals Finance Company <sup>Note 2</sup>	<u>1,200,000</u>	<u>430,010</u>	<u>35.83%</u>	<u>1,200,000</u>	<u>554,874</u>	<u>46.24%</u>	<u>1,200,000</u>	<u>980,401</u>	<u>81.70%</u>

*Notes:*

1. Including but not limited to loans and finance lease, acceptance and discounting of bills, guarantees, letters of guarantee, opening of letters of credit, etc., including accrued interests incurred.
2. Including accrued interests incurred.

There was an increase in the maximum daily balance of composite credit facilities granted to the Group by Minmetals Finance Company for the year 2023 as compared to the year 2022 due to the business expansion of the Group and the favourable lending rates provided by Minmetals Finance Company to the Group compared to other financial institutions. There was an increase in the daily balance of the Group's deposits with Minmetals Finance Company for the year 2023 as compared to the year 2022 due to the increased cooperation between the Group and Minmetals Finance Company, as Minmetals Finance Company was able to maintain the original deposit interest rates since 2023 even though there was a gradual decline of market interest rates.

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## LETTER FROM THE BOARD

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### Annual Caps and Basis of Determination

Unit: RMB0'000

	Proposed annual caps		
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Maximum daily balance of composite credit facilities granted to the Group by Minmetals Finance Company <sup>Note 1</sup>	3,000,000 <sup>Note 3</sup>	3,000,000 <sup>Note 3</sup>	3,000,000 <sup>Note 3</sup>
Maximum daily balance of the Group's deposits with Minmetals Finance Company <sup>Note 2</sup>	<u>1,500,000<sup>Note 3</sup></u>	<u>1,500,000<sup>Note 3</sup></u>	<u>1,500,000<sup>Note 3</sup></u>

*Notes:*

- (1) Represented the maximum balance of composite credit facilities granted to the Group by Minmetals Finance Company at any particular date during the years ending 31 December 2025, 2026 and 2027. Including but not limited to loans and finance lease, acceptance and discounting of bills, guarantees, letters of guarantee, opening of letters of credit, etc., including accrued interests incurred.
- (2) Represented the maximum balance of the Group's deposits with Minmetals Finance Company at any particular date during the years ending 31 December 2025, 2026 and 2027. Including accrued interests incurred.
- (3) For the purposes of risk management, the amount of composite credit facilities to granted to be the Group set under the Financial Services Agreement is higher than the maximum deposits to be placed by the Group.

The annual caps for service fees on the financial services to be provided by Minmetals Finance Company to the Group for each of the year ending 31 December 2025, 2026 and 2027 are all RMB35 million. For details, please refer to the relevant announcement of the Company dated 28 March 2024.

A long-term and stable business relationship has been developed between the Group and Minmetals Finance Company in the areas of deposits, loans, bills and settlements, etc., and there will be comparative advantages for Minmetals Finance Company to continue to provide the relevant services.

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## LETTER FROM THE BOARD

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Looking ahead, the long-term positive trend of China's economy will remain unchanged, and the iron and steel and construction industries will continue to be important basic industries of the country in the long term. The continued provision of financial services by Minmetals Finance Company to the Group will be conducive to enhancing the convenience of the Group's use of funds, improving the efficiency of the use of funds and lowering the cost of funds, and will help the Group to develop its business in line with the economic and policy trends.

The maximum daily balance of the composite credit facilities provided by Minmetals Finance Company to the Group was determined after taking into account the Group's future business requirements in relation to the credit facilities services and by reference to the fees charged by other financial institutions in the PRC for the provision of similar services. In determining the proposed annual caps for the composite credit facilities services, the Directors have considered the following factors: (i) the increase in the actual amount of composite credit facilities provided by the Minmetals Finance Company to the Group in 2023 as compared to 2022; (ii) the operation scale of the Group is expected to continue to expand, which may lead to a demand for basic business in relation to composite credit facilities of approximately RMB14,200 million, RMB13,830 million and RMB13,950 million for the year of 2025, 2026 and 2027 respectively; (iii) currently, the Company has provided intra-group loans to its subsidiaries at the aggregate amount of approximately RMB20,000 million, it is expected that certain intra-group loans might be provided by Minmetals Finance Company instead later; (iv) in accordance with the relevant business risk management measures of the Group, the amount of composite credit facilities granted by Minmetals Finance Company to the Group shall be higher than the amount of deposits placed by the Group with Minmetals Finance Company. With reference to the amount of deposits placed by the Group with Minmetals Finance Company of RMB4,300 million, RMB5,549 million and RMB9,804 million in 2022, 2023 and the period from January to April 2024 respectively, the amount of composite credit facilities will be higher than the above amounts and is expected to increase; and (v) a reasonable buffer covering unforeseeable circumstances and the expected increase in utilisation rate of the composite credit facilities services as the Group's cooperation with the Minmetals Finance Company will be conducive to improving capital utilisation efficiency and reducing relevant costs.

Taking into account the factors as disclosed above, the Directors (including the independent non-executive Directors) consider that the proposed annual caps for composite credit facilities services are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

The proposed caps for daily deposits balance were determined with reference to the continued growth of the business scale of the Group and fees charged by other financial institutions in the PRC for the provision of similar services taking into account the future business needs of the Group in relation to other financial services. The Directors also considered (i) the growth of the business operations of the Group which is expected to create an increase in the cash inflow to the Group during the term of the New Financial Services Agreement; (ii) the increase in utilisation rates of historical annual caps and the tendency of increase in transaction amount in respect of the deposits

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## LETTER FROM THE BOARD

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to be placed by the Group with Minmetals Finance Company; (iii) the cash and bank balances of the Group at the amount of approximately RMB44,440 million in 2023; (iv) the expected interest income to be generated from the deposit under the New Financial Services Agreement based on an estimated interest rate of 1.15% per annum; (v) the interest income that would otherwise be obtained by placing comparable amount of deposits with other financial institutions in the PRC, and (vi) the increase in collaboration between the Group and Minmetals Finance Company. Based on the above, the Directors (including the independent non-executive Directors) consider that the proposed annual caps are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

In 2022 and 2023, the cash and bank balances of the Group was RMB45,485 million and RMB44,440 million respectively, and the maximum daily balance of deposits of the Group with Minmetals Finance Company in 2022 and 2023 were approximately RMB4,300 million and RMB5,549 million respectively, representing a concentration of approximately 9.45% and 12.49% respectively. For comparative purpose, the maximum annual cap for the annual deposits services from 2025 to 2027 shall account for approximately 33.75% of the cash and bank balances of the Group in 2023. Considering (i) the low proportion of the Group's historical deposits with Minmetals Finance Company compared to the Group's cash and bank balances; and (ii) the risk management and internal control procedures in relation to the deposit services which are set out under the paragraph headed "Risk Management and Internal Control Measures Related to the New Financial Services Agreement" in this Letter From the Board, the Directors are of the view that there is insignificant concentration risk in relation to the cash deposited to Minmetals Finance Company.

### **Reasons for and Benefits of Entering into the New Financial Services Agreement**

The main reasons for the Company to choose Minmetals Finance Company to provide composite credit facilities services and deposit services are as follows:

- (1) Minmetals Finance Company is a non-banking financial institution established with the approval by the PBOC and governed by the National Financial Regulatory Administration to provide financial services for member units of enterprises and can provide relevant financial services to the Company, which is conducive to optimising the Company's financial management and improving the efficiency of capital utilisation, thereby reducing financing costs.

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## LETTER FROM THE BOARD

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- (2) The provision of deposits and other financial services by Minmetals Finance Company to the Group facilitates the settlement of the Group with China Minmetals Group and shortens the time required for funds transfers. Minmetals Finance Company can reduce the Group's cost of funds by, among others, increasing the efficiency of internal settlement. In addition, by placing funds with Minmetals Finance Company, the Group can have ready, timely and unrestricted access to funds to meet its flexible funding requirements. At the same time, the Group is entitled to choose to withdraw its deposits from Minmetals Finance Company in full or in part from time to time. The Group has full discretion to place its deposits with Minmetals Finance Company or with independent commercial banks without any restrictions.
- (3) With the integration of CMGC into China Minmetals through strategic reorganisation, Minmetals Finance Company has an in-depth understanding of the construction industry and is able to make good use of the Group's development strategy to better anticipate the Group's capital requirements and gain an in-depth knowledge of the Group's operation and management. Therefore, Minmetals Finance Company can provide the Group with financial services that are flexible, convenient and low-cost.
- (4) The interest rate on the deposit services provided by Minmetals Finance Company to the Group shall not be lower than the benchmark deposits interest rate on deposits of the same type with the same maturity published by the PBOC and the interest rate on deposits provided by Minmetals Finance Company to other member units of China Minmetals under the same conditions, and shall be determined on normal commercial terms. The loans rates shall be in line with the benchmark loan prime rate (LPR) on loans published by the PBOC and shall not be higher than the interest rate on the loans of the same type provided by Minmetals Finance Company to other member units of China Minmetals under the same conditions, and shall be determined on normal commercial terms. The service fees for other financial services provided by Minmetals Finance Company to the Group shall not be higher than those charged by major domestic commercial banks for services of the same type provided to the Group, and shall be determined on normal commercial terms.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the New Financial Services Agreement does not have disadvantages to the Company.

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## LETTER FROM THE BOARD

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### **Risk Management and Internal Control Measures Related to the New Financial Services Agreement**

- (1) The Company will designate a dedicated department (or an internal organisation) to coordinate and manage the business of the Group operated within Minmetals Finance Company, monitor relevant business information on a regular basis and monitor market price levels on a real-time basis, thereby ensuring that the transaction amount of the Group's related business in Minmetals Finance Company does not exceed the caps and that the pricing principles on connected transactions are strictly enforced. The Company's Treasury Department are responsible for the overall management of the business carried out by the Group and the Minmetals Finance Company. It will monitor the latest data on the LPR and the PBOC's benchmark interest rate every month, and obtain information from Minmetals Finance Company every quarter, including the latest loan rates and deposit fees of Minmetals Finance Company and its pricing for similar businesses at the same conditions with other group members of China Minmetals.

The Group will adopt the following measures to ensure the pricing policies to be properly implemented: (i) before applying for a loan, the Company and its subsidiaries shall conduct interest rate inquiry (詢價) both from Minmetals Finance Company and the other independent financial institutions and submit a monthly financing plan and estimated loan interest rate to the Company's Treasury Department for approval. If the loan interest rate to be charged by the third party is higher than the interest rate to be charged by Minmetals Finance Company, then such loan application shall not be approved; (ii) Minmetals Finance Company will notify the Group in a timely manner when there is any change in interest rates for various deposits announced by it; (iii) the Company will require its subsidiaries to conduct interest rate inquiry both from Minmetals Finance Company and the other independent financial institutions and comparison before carrying out deposit business with Minmetals Finance Company. If the interest rate provided by Minmetals Finance Company is lower than that promulgated by the PBOC for the same type of business or lower than the interest rate that it provides deposit business to other members of China Minmetals under the same conditions, the Group will not carry out deposit business with Minmetals Finance Company.

- (2) Minmetals Finance Company will assist in monitoring the implementation of the financial services of the Group to ensure that the relevant amounts do not exceed the annual caps for connected transactions. The capital operation system of the Company will be connected to the system of Minmetals Finance Company to allow real-time monitoring of the balance of the transactions with Minmetals Finance Company. If the fees for services provided by Minmetals Finance Company is approaching the then annual cap, the Group will suspend such services with Minmetals Finance Company for the remainder of the year unless otherwise approved by the Board or at the general meeting, as applicable.

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## LETTER FROM THE BOARD

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- (3) The Group is entitled to inspect whether Minmetals Finance Company has a valid financial permit and a valid business licence prior to entering into connected transactions with Minmetals Finance Company, and if the relevant licences are not available or have expired, the Group shall not conduct the corresponding business with Minmetals Finance Company.
- (4) The Group has ready, timely and unrestricted access to funds to meet its flexible funding requirements. The Group may withdraw its deposits from Minmetals Finance Company in full or in part from time to time to examine and ensure the safety and liquidity of relevant deposits. The Group has internal procedures for monitoring and approving each transaction of deposits before the Group enter into such transactions with Minmetals Finance Company. If the aggregated amount of deposits exceeds the amount of composite credit facilities granted by Minmetals Finance Company, such transaction of deposits will not be approved by the Group. Further, the Group will set up a warning threshold of 60% of maximum deposits balance in the Group's internal systems, if the Group's deposits placed with Minmetals Finance Company reaches such threshold, the dedicated personnel will closely monitor the change in the deposits balance in order to ensure that the deposits balance is lower than the amount of composite credit facilities granted by Minmetals Finance Company. The Group can independently set this threshold, and when the composite credit facilities provided by Minmetals Finance Company to the Group changes, the threshold can be adjusted accordingly at any time to ensure that the amount of deposits corresponding to this threshold is lower than the composite credit facilities limit. The Group has assigned dedicated personnel including officers and directors of the capital planning division of the Treasury Department of the Company to strictly control the scale of the Group's deposits with Minmetals Finance Company to ensure that the composite credit facilities to be granted to the Group is higher than the Group's maximum deposit amount to be placed with the Minmetals Finance Company.

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## LETTER FROM THE BOARD

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- (5) The Company has formulated the “Risk Disposal Plan for Financial Business with CMC Finance Co., Ltd.”, and will review the operating and financial conditions of Minmetals Finance Company on a regular basis. The Company will obtain the financial statements of Minmetals Finance Company every quarter so as to monitor the operation and financial conditions of Minmetals Finance Company taking into account risk management, administrative convenience and data accuracy. If there is a decline in the financial conditions of Minmetals Finance Company or it is discovered that Minmetals Finance Company may be in violation of the Management Measures for Enterprise Group Financial Companies (《企業集團財務公司管理辦法》), the Group will increase the frequency of monitoring, such as obtaining monthly financial statements of Minmetals Finance Company. If there is any event that may pose potential safety risks to the funds of the Group deposited with Minmetals Finance Company, the Company will carry out risk treatment related work decisively in accordance with such risk treatment plan, urge the relevant departments and member units of the Company to take timely measures against those risks such as full or partial withdrawal of deposits from Minmetals Finance Company, suspension of deposits with Minmetals Finance Company and requests to Minmetals Finance Company for rectification within a certain period of time. These measures can ensure the safety of the deposits of the Group with Minmetals Finance Company. In the event of default where the deposits with Minmetals Finance Company cannot be withdrawn, Minmetals Finance Company shall compensate the Group for the losses incurred to the extent of its liabilities.
- (6) Minmetals Finance Company guarantees that it will keep the Group informed in a timely manner of any circumstances that may compromise the safety of the deposits the Group or any other events that may pose safety risks to the funds of the Group on deposit.
- (7) During the annual audit for the Company, the external auditor will, upon review, issue an opinion on the connected transactions of the Group and Minmetals Finance Company, and the Company will fulfill its information disclosure obligations in a timely manner as required by the listing rules of the place where it is listed. Minmetals Finance Company shall cooperate as necessary.

The above internal control and risk management measures are designed to minimise the potential financial risks against the Company and safeguard the interests of the Group and the Shareholders. The Directors of the Company consider that the above internal control and risk management measures are reasonably effective in all material respects to assist the Company in monitoring the related transactions.



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## LETTER FROM THE BOARD

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The Directors (excluding Mr. Chen Jianguang and Mr. Yan Aizhong (who abstained from voting on the relevant resolution as they are deemed to be interested in the New Financial Services Agreement) and the independent non-executive Directors (as their views will be formed after taking into account the advice provided by the Independent Financial Adviser)) consider that the transactions under the New Financial Services Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and that the annual caps for the transactions under the New Financial Services Agreement are fair and reasonable.

Mr. Chen Jianguang and Mr. Yan Aizhong, who hold positions in China Minmetals and/or CMGC, are deemed to be interested in the New Financial Services Agreement, therefore, they have abstained from voting on the resolution of the Board approving the entering into of the New Financial Services Agreement.

### **8. PROPOSED APPROVAL OF THE PROPOSAL OF THE NEW FRAMEWORK AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND CHINA MINMETALS AND THE ANNUAL CAPS FOR 2025**

#### **BACKGROUND**

References are made to the announcements of the Company dated 28 March 2024 and 16 May 2024. Given that the annual caps for various types of transactions under the Framework Agreement will expire on 31 December 2024, on 16 May 2024, the Company and China Minmetals entered into the New Framework Agreement so as to continue to carry out various types of transactions with China Minmetals Group. Subject to the approval of the Independent Shareholders at the AGM, the New Framework Agreement will take effect from 1 January 2025 and will be valid for one year. Upon the New Framework Agreement becoming effective, the Financial Services Agreement will be governed by the New Framework Agreement.

#### **LISTING RULES IMPLICATIONS**

China Minmetals, an indirect controlling Shareholder of the Company, is a connected person of the Company. As such, all transactions contemplated under the New Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the transactions of sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement exceed 5%, these transactions are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### **The major terms**

#### ***Parties:***

- (1) The Company; and
- (2) China Minmetals

#### ***Transaction types:***

Pursuant to the New Framework Agreement, the Company and China Minmetals Group intend to conduct various types of transactions on an ongoing basis, including sale and purchase of materials, engineering construction, asset financing services, production and maintenance services, technology and management services, property leasing and financial services (i.e. the types of transactions to which the Financial Services Agreement relates). The signing of the New Framework Agreement will not prejudice the rights of either party to select transaction counterparties or conduct similar transactions with third parties.

#### ***Details of the transactions relating to the sale and purchase of materials and engineering construction under the New Framework Agreements:***

##### ***(1) Sale and purchase of materials***

The Company will, as a purchaser, purchase steel from China Minmetals Group and will, as a supplier, sell bulk materials (i.e. metal resource products including nickel, cobalt, lead, zinc and copper, etc.) to China Minmetals Group. The Group will also sell to and purchase from China Minmetals Group the equipment necessary for general construction contracting and production operation. The abovementioned material suppliers will also provide relevant logistics services in relation to the materials supplied, including storage, freight forwarding, shipping and land transportation and other services. The equipment purchased from China Minmetals Group includes but not limited to equipment with steel as the main material such as numerical control cutting tools, external steel platforms of decomposition furnaces, scooptrams, vertical mills, etc. The equipment sold to China Minmetals Group includes, but not limited to, equipment used in mining projects such as copper slag ladles, gas storage tanks, and high and low voltage complete sets of cabinets, etc. The nature of the equipment sell to and purchase from China Minmetals Group are not the same.

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## LETTER FROM THE BOARD

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(2) *Engineering construction*

The Company will, as a contractor, provide engineering construction services to China Minmetals Group, including engineering services of EPC and public-private partnership (PPP) projects. In addition, given the regional advantages of the specialized companies of China Minmetals in certain areas, and their professional construction qualifications and unique technological advantages in nonferrous mining and smelting engineering construction fields, the Company will subcontract part of the construction work secured in such areas and fields to the specialized companies of China Minmetals.

***Pricing of various types of transactions for the sale and purchase of materials (income and expenditure) and engineering construction (income):***

Pursuant to the New Framework Agreement, with respect to the materials and services provided to the Group by China Minmetals Group, China Minmetals has undertaken that it will not and will procure its subsidiaries not to provide relevant materials and services to the Group on terms which are less favourable than those offered to third parties. Details of the pricing principles for the sale and purchase of materials (income and expenditure) and engineering construction (income) transactions under the New Framework Agreement are as follows:

(1) *Sale and purchase of materials*

The suppliers and prices of steel and equipment will be determined by the open tender process of the purchaser and the result of successful bid will be publicly announced on the website of the purchase platform operated by the purchaser. Upon winning the bid, the parties will enter into a specific purchase contract, in which the payment arrangement on the purchase price, generally including prepayments, payments upon goods delivery and completion of inspection and acceptance and quality guarantee deposits, will be specified.

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## LETTER FROM THE BOARD

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The selling price of bulk materials (i.e. metal resource products including nickel, cobalt, lead, zinc and copper, etc.) offered by the Group to China Minmetals Group will be determined by the parties through negotiation with reference to the average monthly price of relevant bulk raw materials announced by the London Metal Exchange (“LME”) ([www.lme.com](http://www.lme.com)) and Shanghai Metals Market (“SMM”) ([www.smm.cn](http://www.smm.cn)) and such selling price will be no less favourable than those entered into between the Group and independent third parties. The price of bulk materials is determined based on the average settlement price of the reference platform price during the pricing period, multiplied by the corresponding non-ferrous metal pricing coefficient. The non-ferrous metal pricing coefficient is determined based on the percentage content of non-ferrous metals in the object under the transaction. The non-ferrous metal pricing coefficient is an adjustment factor used to calculate the ratio between the actual trading price of metals in commodities and the base price published by the LME or SMM. This coefficient reflects the actual content of metal in the product, market demand, supply status, etc. The actual content of metal is affected by differences in production processes and raw materials and is not fixed. If the metal content increases and the impurity content decreases, the pricing coefficient will increase accordingly. In terms of market supply and demand impact, if the demand increases or the supply decreases, the pricing coefficient will increase and vice versa. Therefore, the pricing coefficient is determined through negotiation between buyers and sellers based on actual market conditions. It is an adjustment parameter used to accurately reflect the value of metals in commodities and ensure that transactions reflect market conditions fairly and reasonably. The parties will specify the payment arrangement (including advance payment, payment upon acceptance of products and quality warranty fees, etc.), as well as the standards relating to logistics transportation and product testing, in the specific purchase contract.

SMM is an integrated internet platform provider of nonferrous and ferrous metals, which provides comprehensive benchmark prices, analysis, news, consulting and conferences of the metals & mining industry. The platform has been certified by the International Organization of Securities Commissions (IOSCO). The Directors are of the view that SMM is a reputable source of reference of prices for bulk raw materials.

## LETTER FROM THE BOARD

### (2) *Engineering construction*

The price of engineering construction projects will be determined through open tender. Pursuant to the relevant laws and regulations for public bidding and tendering in China, the public bidding and tendering results and prices of state-owned projects, state-owned investment projects and those construction projects related to the national economy and the people's livelihood will be announced on the website of the platform of public bidding and tendering of government projects. Upon winning the bid, the parties will enter into a specific construction contract, in which the payment arrangement on the construction price (which will be generally paid according to the progress of a particular project or the completion ratio calculated on a monthly basis) will be specified.

### **Term**

The New Framework Agreement will be effective for a term of one year from 1 January 2025, subject to the approval by the Independent Shareholders at the AGM.

### **Historical data**

The historical amounts of the sale and purchase of materials (income and expenditure) and engineering construction (income) transactions between the Group and China Minmetals Group (including CMGC) as described above for the two years ended 31 December 2023 and the period from 1 January 2024 to 30 April 2024 are as follows:

*Unit: RMB0'000*

Transaction type	For the year ended 31 December			For the year ended 31 December			For the period from 1 January		
	2022			2023			to 30 April 2024		
	Annual caps	Amount incurred	Utilisation Rate	Annual caps	Amount incurred	Utilisation Rate	Annual caps	Amount incurred	Utilisation Rate
<b>Sale and purchase of materials</b>									
Income	810,453	309,525	38.19%	627,478	386,905	61.66%	606,744	116,023	19.12%
Expenditure	2,434,029	1,144,605	47.03%	2,530,713	1,262,036	49.87%	2,353,713	235,808	10.02%
<b>Engineering construction</b>									
Income	1,885,000	361,992	19.20%	1,344,708	527,778	39.25%	1,429,087	160,612	11.24%

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## LETTER FROM THE BOARD

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### Annual caps

The Company estimates that the annual caps for the sale and purchase of materials (income and expenditure) and engineering construction (income) transactions under the New Framework Agreement for the year ending 31 December 2025 are as follows:

*Unit: RMB0'000*

<b>Transaction type</b>	<b>For the year ending 31 December 2025</b>
<b>Sale and purchase of materials</b>	
Income	630,000
Expenditure	<u>2,320,000</u>
<b>Engineering construction</b>	
Income	<u><u>1,180,000</u></u>

The annual caps for the year ending 31 December 2025 are higher than the historical data, which is mainly due to the fact that suppliers in most of the transactions between the Group and China Minmetals Group, in particular those in relation to sale and purchase of materials and engineering construction, will be selected through the public tender process.

## LETTER FROM THE BOARD

The historical number of tenders for China Minmetals Group's bidding projects submitted by the Group and the number and proportion of China Minmetals Group's bidding projects won by the Group for the two years ended 31 December 2023 and for the period from 1 January 2024 to 30 April 2024 are as follows:

Transaction type	For the year ended 31 December 2022			For the year ended 31 December 2023			For the period from 1 January 2024 to 30 April 2024		
	Number of tenders for China Minmetals Group for which the Group participated in the bidding projects	Number of projects won by the Group	Tender success rate (%)	Number of tenders for China Minmetals Group for which the Group participated in the bidding projects	Number of projects won by the Group	Tender success rate (%)	Number of tenders for China Minmetals Group for which the Group participated in the bidding projects	Number of projects won by the Group	Tender success rate (%)
<b>Sale and purchase of materials</b>									
Income	13	8	61.54	27	16	59.26	6	4	66.67
<b>Engineering construction</b>									
Income	105	72	68.57	86	57	66.28	25	20	80.00

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## LETTER FROM THE BOARD

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The Group strictly follows its internal procedures on bidding, and the Company is currently unable to predict whether the Group (if the Group is a bidder) or China Minmetals Group (if China Minmetals Group is a bidder) will win the bid for any particular project, therefore, in estimating the annual caps for the year ending 31 December 2025, the Company has made reference to the existing and expected bidding projects of the Group and China Minmetals Group, assumed that the Group will win the bid in all bidding projects of China Minmetals Group, or China Minmetals Group will win the bid in all bidding projects of the Group, and taken into consideration the estimated amount of the bidding projects as the basis for determining the annual caps.

### **Basis of determination of annual caps**

In determining the annual caps for the transactions of purchase of materials, the Company has mainly made reference to the purchase plan of the Group for each type of materials for the next one year, particularly the demand of construction projects (such as EPC and PPP projects) for steel and equipment, as well as the latest sale and purchase prices of relevant materials on the market. For the purchase of materials by the Group, subsidiaries of the Company have reported to the Company about their annual estimated procurement amounts for steel and equipment in 2025. Such amounts have been estimated by the subsidiaries based on their demands for steel and equipment for their bid-winning EPC and PPP projects or the projects for which they intend to participate in the bidding process, and with reference to the recent market prices of such steel and equipment as well as the procurement volume of such steel and equipment in 2023. In determining the market price of steel, subsidiaries of the Company have made reference to the recent price and the price trend of different types of steel as published on the website of Mysteel ([www.mysteel.com](http://www.mysteel.com)); in determining the market price of equipment, subsidiaries of the Company have made reference to the historical transaction price of their procurement of similar equipment. For the sale of materials by the Group, the Company has taken into consideration the demand of China Minmetals Group for bulk materials and equipment, especially for nickel related products.

Mysteel Group is a leading commodity data service provider in China, which provides commodity data, pricing indices, market insight, news and information, as well as research and consultancy on the China and global markets. Mysteel Group is the first Chinese price reporting agency (PRA) to achieve the International Organization of Securities Commissions (IOSCO) assurance. The Directors are of the view that Mysteel is a reputable source of reference of prices for bulk raw materials.

In determining the annual caps for the transactions of engineering construction, the Company has mainly made reference to the investment plan formulated under the strategic development plan of China Minmetals Group and the expected building cost of such engineering projects for which the Group intends to participate in the bidding process, and such building cost has been estimated with reference to the investment amount of similar projects within the same region.



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## LETTER FROM THE BOARD

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As of 31 December 2023, (i) the value of signed contracts for sale and purchase of materials (income) amounted to approximately RMB680.76 million, the value for cooperation with confirmed intention amounted to approximately RMB4,382.73 million, the value for projects which were being followed up amounted to approximately RMB15.3 million, the value of projects proposed to be developed amounted to approximately RMB630.2 million, the above aggregated value amounted to approximately RMB5,708.99 million and the aggregate value after adding a 10% buffer amounted to approximately RMB6,300 million; (ii) the value of signed contracts for sale and purchase of materials (expenditure) amounted to approximately RMB4,516 million, the value of contracts which China Minmetals Group won the bid and will be executed in the year of 2025 amounted to approximately RMB200 million. The estimated material procurement expenditure for the year of 2025 of the Group based on the Group project volume and project procurement plan is approximately RMB308 million, the estimated procurement scale in 2025 based on the 2024 procurement plan is RMB545 million, the estimated amount for the year of 2025 based on the amount of sale and purchase of materials (expenditure) transactions executed in the previous years is approximately RMB14,443 million, and the amount of the business being followed up is approximately RMB1,007 million. The estimated aggregate amount is approximately RMB21,020 million, among which, the estimated demand of steel by the Group from China Minmetals Group is approximately RMB20,423 million; and (iii) the value of signed contracts amounted to approximately RMB6,999 million, the value of contracts of successful bids for engineering construction (income) amounted to approximately RMB130 million, the value for projects which were being followed-up amounted to approximately RMB250 million, the amount of engineering construction business to be developed in 2025 is approximately RMB3,343 million. The above aggregated amount is approximately RMB10,722 million, and the aggregate amount after adding a 10% buffer is approximately RMB11,800 million. The business activities of the Group are expected to gradually grow and it is expected that there will be an increase in demand for the Group's engineering contracting business in the year of 2025. In addition, certain projects of the Group and China Minmetals Group were not carried out in previous years as originally scheduled and are expected to be postponed to proceed in the future. As such, in estimating the annual caps for the year ending 31 December 2025, the Company has also taken these projects into consideration.

### **Pricing and internal control procedures**

In order to ensure that the prices and terms of each type of the transactions under the New Framework Agreement will be no less favourable than those entered into between the Group and independent third parties and will not exceed the proposed annual cap under the New Framework Agreement, the Company has adopted the following measures and procedures:

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## LETTER FROM THE BOARD

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For transactions under the New Framework Agreement of which the suppliers or service providers are determined through the public tender process, if the Group is the tenderer, the Group will invite no less than three entities to participate in the bidding. Relevant business departments of the Group, (which may include business departments of the Group with purchasing needs and/or the purchasing units of the Group, those personnel are independent of China Minmetals and its associates) together with the tender and procurement management center, will establish a tender evaluation committee (those personnel are independent of China Minmetals and its associates). The total number of tender evaluation committee members shall be an odd number of 5 or more, and it shall generally be composed of personnel from the procurement demand department (not exceeding 1/3 of the total members) and experts selected from the Group's expert pool (not less than 2/3 of the total members). The Group's expert pool generally consists of (i) employees of the Group who have at least three years of relevant working experience in the relevant industry and (ii) external advisers who have at least five years of relevant working experience in the relevant industry. The tender evaluation committee will select the suppliers or service providers and determine the transaction prices with reference to, among others, the previous performance results, bidding prices and service quality of the bidders. The result of successful bid will be submitted to the persons in charge of the relevant business departments of the Group for consideration and approval. The Group has set up different approval procedures based on the contract value. Procurement with a contract value of less than RMB200,000 shall be considered and approved by the persons in charge of the purchasing unit. Procurement with a contract value of more than RMB200,000 but less than RMB500,000 shall be reviewed by the person in charge of the purchasing unit. After being counter-signed by the persons in charge of the procurement department, it shall be reported to the leader in charge of the purchasing unit for final approval. Procurement with a contract value of more than RMB500,000 shall be reviewed by the person in charge of the purchasing unit. After being counter-signed by the persons in charge of the procurement department, it shall be reported to the leader in charge of the purchasing unit for review and then obtain final approval from the general manager of the purchasing unit. The Group and the persons in charge of the relevant business departments of the Group generally shall not cancel its qualification as the bid winner unless the bid winner voluntarily withdraws from the bid, refuses to sign the contract, proposes additional conditions at the time of signing of the contract, or force majeure events. The bid evaluation and scoring standards of the Group are divided into business score and technical score. According to the scoring standard, the bid with lowest price will not sure to obtain the highest business score, and the evaluation is based on comprehensive consideration of both the business and technical score. Therefore, there will be no winning bids based solely on lowest prices. If, after opening the bids, the quotations received from all bidders are higher than the budget of the Group and such quotations are regarded as reasonable prices after analysis, then such bids are still valid, and the Group will adjust and approve the budget according to the relevant policies and procedures. If the Group is a bidder, relevant business departments of the Group will determine the bidding price according to the requirements set forth in the tender documents with reference to the guiding price given by the local government and the market price. The guiding price given by the local government and the market price are updated and published regularly by the competent price bureau of the local government and the

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## LETTER FROM THE BOARD

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Group pays a fee to access such information to ensure that the Group's bidding price to China Minmetals Group is no less favourable than the Group's bidding price for independent tenderers. The bidding price will be submitted to the persons in charge of the relevant business departments of the Group for consideration and approval. The Group has established clear bidding policies and procedures to ensure that all projects follow a fair and just bidding process. These policies and procedures include but are not limited to supplier pre-evaluation, standardization of bidding documents, fair bid opening and evaluation principles. The Company will conduct internal control audits on a regular basis to ensure the legality and compliance of the bidding process. In view of the above, the Directors are of the view that the bidding price is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

For transactions under the New Framework Agreement of which the prices are determined by the parties through negotiation (including the sale of bulk materials, such as metal resource products, by the Group to China Minmetals), relevant business departments of the Group will make reference to the prices of similar transactions between the Group and independent third parties, and normally obtain two or more reference prices from independent third parties, after which the relevant business departments will determine the prices for each type of transactions and submit the same to the persons in charge of the relevant business departments for consideration and approval. If there were no references for a similar transaction between the Group and an independent third party, before such negotiation, both parties will first obtain information about the price level of similar products or services in the market, and will also analyse the cost of products or services and negotiate the prices based on the cost. In addition, the commercial value of the products or services could be evaluated to negotiate prices based on its commercial value. In any case, both parties will conduct sufficient communication and negotiation to determine a fair and reasonable price.

In order to ensure that the amount of each type of the transaction will not exceed the annual caps set under the New Framework Agreement, the relevant business departments of the Group will carry out statistical analysis on the actual transaction amount on a monthly basis so as to monitor the progress of the continuing connected transactions of the Group. The legal and contract management department of the Group will review the contracts in relation to connected transactions before execution of the contracts. The law and contract management department of the Group adopts a unified review standard for contracts in relation to connected transaction and non-connected transaction, it will review the sophistication of the terms of the contract, completeness of contractual terms and any risks arising from the contracts. It will also review whether the pricing terms and payment methods are consistent with that of the New Framework Agreement.

The Directors (excluding Mr. Chen Jianguang and Mr. Yan Aizhong (who abstained from voting on the relevant resolution as they are deemed to be interested in the New Framework Agreement) and the independent non-executive Directors (as their views will be formed after taking into account the advice provided by the Independent Financial Adviser) consider that the transactions under the New Framework Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and that the annual caps for the transactions under the New Framework Agreement are fair and reasonable.

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## LETTER FROM THE BOARD

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Mr. Chen Jianguang and Mr. Yan Aizhong, who hold positions in China Minmetals and/or CMGC, are deemed to be interested in the New Framework Agreement, therefore, they have abstained from voting on the resolution of the Board approving the entering into of the New Framework Agreement.

### **Reasons for and benefits of the transactions under the New Framework Agreement**

(1) *Sale and purchase of materials*

China Minmetals is a comprehensive conglomerate focusing on metal and mineral products business, and possessing trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities. Steel trading is one of the traditional businesses of China Minmetals Group that not only possesses advantageous position in the domestic market but is also supported with international trading channels, which can provide the Company with stable supply of steel and relevant materials. In addition, China Minmetals Group is able to offer steady and quality sales channels for metal resources and products manufactured by subsidiaries of the Company that engage in resource business. Since China Minmetals Group and the Company possess different capabilities in equipment manufacturing, the mutual supply of equipment can create complementary advantages, hence satisfying the needs for particular engineering construction and production and operation.

(2) *Engineering construction*

China Minmetals Group is a large-scale conglomerate that engages in global operation. By participating in the bidding process for the engineering construction projects of China Minmetals Group, the Company will be able to enlarge its market share, increase its operating revenue, enhance market competitiveness and boost brand awareness so as to facilitate the brand building of the Company.

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## LETTER FROM THE BOARD

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### **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.

China Minmetals is a state wholly-owned enterprise established in the PRC. It is a comprehensive conglomerate focusing on metal and mineral products business, and possessing trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities.

Minmetals Finance Company is established in the PRC and owned as to 92.5% by China Minmetals Co., Ltd\* (中國五礦股份有限公司) and 7.5% by Minmetals Capital Holdings Co., Ltd (五礦資本控股有限公司). China Minmetals Co., Ltd is directly and indirectly held as to 88.4% by China Minmetals (which is ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council), 9.5% held by the Hunan Provincial State-owned Assets Supervision and Administration Commission indirectly, and 2.1% held by the State Council indirectly. Minmetals Capital Holdings Co., Ltd. is wholly owned by Minmetals Capital Co., Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600390). Minmetals Finance Company is a company whose principal businesses are to provide financial services including financial and financing consulting, credit assurance and relevant consulting and agency business to member units of China Minmetals.

### **The Independent Board Committee and the Independent Financial Adviser**

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the transactions of the composite credit facilities services and deposit services (including the relevant annual caps) under the New Financial Services Agreement, the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps).

Gram Capital Limited, a corporation licensed to carry out business in Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed by the Company as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the composite credit facilities services and deposit services (including the relevant annual caps) under the New Financial Services Agreement, the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps).

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## LETTER FROM THE BOARD

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Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on page 40 to 41 of this circular and the letter from Gram Capital set out on page 42 to 75 of this circular. Your attention is also drawn to the general information set out on page 146 to 149 of this circular.

The Company will seek approval from the Independent Shareholders at the AGM in respect of the composite credit facilities services and deposit services (including the relevant annual caps) under the New Financial Services Agreement, the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps). In view of China Minmetals' interests in the transactions, CMGC, an associate of China Minmetals, which held 10,190,955,300 A Shares of the Company as at the Latest Practicable Date (representing approximately 49.18% of the total issued shares of the Company), will abstain from voting at the AGM to approve the transactions in relation to the composite credit facilities services and deposit services (including the relevant annual caps) under the New Financial Services Agreement, the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps).

### **9. PROPOSED APPROVAL OF THE PROPOSAL OF GRANT OF GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE SHARES**

In order to satisfy the Company's business need for sustainable development, and flexibly and effectively leverage on the financing platforms of both Shanghai and Hong Kong, the Board shall, in accordance with the relevant laws and regulations of the PRC, the listing rules of the place where the securities of the Company are listed, and the Articles of Association, propose at the AGM by way of special resolution to approve the grant of general mandate to the Board to issue Shares.

In respect of such general mandate, the authorization is defined as:

- A. Subject to the conditions set out in paragraphs (a), (b) and (c) below, the Board be and is hereby unconditionally granted all powers and authorities of the Company to separately or concurrently allot, issue or deal with additional A Shares or H Shares or preference Shares, and to make, grant or enter into offers, agreements, options or conversion rights and/or grant offer recommendations in respect thereof:
- (a) such mandate shall not extend beyond the Relevant Period save that the Board during the Relevant Period makes, grants or enters into offers, agreements, options or conversion rights or grants offer recommendations which might require the exercise of such offers, agreements, options or conversion rights or offer recommendations upon or after the end of the Relevant Period;

For the purposes of this resolution, "Relevant Period" means the period from the date of the passing of this resolution until the earliest of:

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## LETTER FROM THE BOARD

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- (1) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
  - (2) the date of expiration of the 12-month period following the passing of this resolution; or
  - (3) the date on which the authority granted to the Board by this resolution is revoked or varied by a special resolution of the Shareholders of the Company in any general meeting.
- (b) the number of the A Shares or H Shares to be separately or concurrently allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Board, or the number of Preferred Shares (based on the equivalent number of A shares or H shares after the voting right is restored at the initial simulated conversion price), shall not exceed 20% of the total number of each of the A Shares or H Shares of the Company in issue as at the date of passing this resolution;
- (c) the Board will only exercise its power under such mandate in accordance with the relevant laws and regulations of the PRC, the listing rules of the place where the securities of the Company are listed and all applicable laws, regulations and rules of any other relevant government or regulatory authorities (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and other relevant PRC government authorities are obtained.
- B. Contingent on the Board resolving to allot, issue and deal with Shares pursuant to this resolution, the Board be and is hereby authorized to approve, execute and deal with or procure to be executed and dealt with, all such documents, deeds and matters as it may consider necessary in connection with the issuance of, allotment of and dealing with such Shares including, but not limited to, determining the size of the issue, the issue price, the use of proceeds from the issue, the target of the issue, the place and time of the issue, issuance arrangement by tranche, making all necessary applications to relevant authorities, entering into any agreements, and making all necessary registrations and filings with relevant regulatory authorities in the PRC and Hong Kong.

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## LETTER FROM THE BOARD

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- C. The Board be and is hereby authorized to make such amendments to the Articles of Association as it thinks appropriate and necessary in due course so as to reflect the new share capital structure and registered capital of the Company by reference to the actual situations, such as the manner of the issuance, class and number of Shares the Company issued, as well as the share capital structure of the Company following such issuance; and to take any other necessary actions and to go through any necessary procedures (including but not limited to obtaining approvals from relevant regulatory authorities and completing registration and filing procedures with the department in charge of industrial and commercial administration) to give effect to the issuance of Shares under this resolution.
- D. For the purpose of enhancing efficiency of the decision-making process, it is proposed to the general meeting that the Board shall, subject to the obtaining of the above mandate, delegate the chairman such mandate to deal with and handle all matters in relation to the allotment and issuance of Shares.

In accordance with the relevant domestic laws and regulations of the PRC, the Board shall still be required to submit any specific matters in respect of the issuance of A Shares to all Shareholders at the general meeting for consideration and approval even if it has obtained the above general mandate.

The resolution has been considered and approved at the 57th meeting of the third session of the Board, and will be proposed for consideration and approval at the AGM.

### **10. PROPOSED APPROVAL OF THE PROPOSAL OF THE COMPANY'S ASSET SECURITIZATION BUSINESS PLAN**

To further revitalize existing assets, optimize capital structure and reduce financing costs, the Board proposes to the AGM to consider and approve, by way of a special resolution, the issuance of asset securitization business by the Company and its subsidiaries with a maximum amount of RMB20 billion in light of the operational needs. Details are set out below:

The Company and its subsidiaries plan to issue RMB20 billion of asset securitization products, which may be issued in installments according to the demand. Underlying assets include but are not limited to receivables, infrastructure assets, commercial real estate, project equity, revenue rights, supply chain payable products, and other assets in compliance with the requirements of the regulatory authorities.



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## LETTER FROM THE BOARD

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In order to widen the scope of investors, improve the success rate of issuance, and reduce the cost of issuance, the Company and its subsidiaries intend to provide credit enhancement support for asset securitization products by issuing liquidity differential payment undertaking. Of this amount, RMB1 billion of credit enhancement measures involve guarantees, which have been included in the guarantee plan.

Matters relating to the issuance of products within the scope of the above asset securitization business plan, including the issuing entities, issuance varieties, underlying assets, transaction structure and credit enhancement measures, etc., shall be proposed to the general meeting for authorization to the Board, and that the Board shall authorize the president's office of the Company to deal with the matters in accordance with the resolution of the general meeting and the authorization from the Board. The authorization above shall be effective from the date of approval at the current annual general meeting till the date of the next annual general meeting.

As of the Latest Practicable Date, the conduct of such business by the Company did not give rise to any circumstances that would require disclosure under the Listing Rules. In the event that the formal conduct of such business in the future constitutes a disclosure by way of an announcement and/or the obtaining of Shareholders' approval under the Listing Rules, the Company will further comply with the relevant requirements.

The proposal has been considered and approved at the 57th meeting of the third session of the Board, which is now submitted to the AGM for consideration and approval.

### **11. PROPOSED APPROVAL OF THE PROPOSAL OF THE CLOSURE OF PART OF THE COMPANY'S A SHARE FUND RAISING PROJECT AND THE USE OF THE REMAINING PROCEEDS FOR PERMANENT REPLENISHMENT OF LIQUIDITY**

In order to improve the efficiency of the use of the funds raised and to activate the stock of idle funds in a reasonable manner, in accordance with the progress of the A share IPO project and the relevant regulatory requirements for A shares, the Board of Directors proposed to close the "large multi-ram die forgings and heavy equipment automation industrial base construction project", an investment project of the funds raised from the A share IPO of the Company, and to permanently replenish the working capital with the remaining funds raised of approximately RMB93 million (including interest).

The proposal was considered and approved at the 54th meeting of the third session of the Board, which is now proposed for consideration and approval at the AGM.

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## LETTER FROM THE BOARD

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### 12. PROPOSED APPROVAL OF THE PROPOSAL OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Taking into account the actual situation of the Company, it is proposed that certain amendments shall be made to the Articles of Association. The proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the AGM. Details of the proposed amendments are set out below:

No.	Content of Original Article	Content of Proposed Amendments
1	<b>Article 5</b> The <b>President</b> of the Company shall be its legal representative.	<b>Article 5</b> The <b>Chairman</b> of the Company shall be its legal representative.

Except for the above amendments, the contents of other articles remain unchanged.

Although the Company has an English version of the Articles of Association, in case of any inconsistency, the Chinese version shall prevail.

The proposal was considered and approved at the 59th meeting of the third session of the Board, which is now proposed for consideration and approval at the AGM.

### 13. PROPOSED APPROVAL OF THE PROPOSAL OF THE AMENDMENTS TO THE RULES FOR THE WORK OF INDEPENDENT DIRECTORS

With reference to the Administrative Measures for Independent Directors of Listed Companies of the China Securities Regulatory Commission and the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operation, the Company intends to make amendments to the Rules for the Work of Independent Directors, the details of which are set out in Appendix VI to this circular for the Shareholders' reference.

The proposal was considered and approved at the 56th meeting of the third session of the Board, which is now proposed for consideration and approval at the AGM.

### 14. PERFORMANCE REPORT BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the Articles of Association, the independent non-executive Directors shall issue a performance report at the AGM. Such report will be submitted to the Shareholders for consideration but not for the Shareholders' approval. The performance reports of each of the independent non-executive Directors of the Company are set out in Appendix III of this circular for the Shareholders' information.

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## LETTER FROM THE BOARD

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### THE AGM

The AGM will be held by the Company for the purpose of, among other things, considering and approving the following resolutions by the Shareholders:

- (1) the proposal in relation to the “Work Report of the Board of MCC for the Year 2023” (see Appendix IV)
- (2) the proposal in relation to the “Work Report of the Supervisory Committee of MCC for the Year 2023” (see Appendix V)
- (3) the proposal in relation to the report on final accounts of the Company for the year 2023 (as set out in the 2023 annual report of the Company)
- (4) the proposal in relation to the profit distribution plan of the Company for the year 2023
- (5) the proposal in relation to the emoluments of Directors and Supervisors of the Company for the year 2023
- (6) the proposal in relation to the plan of guarantees to be provided by the Company for the year 2024
- (7) the proposal in relation to the appointment of the Company’s auditor and internal control auditor for the year 2024
- (8) the proposal in relation to the plan of registration and issuance of domestic bonds of the Company for the year 2024
- (9) the proposal in relation to the entering into of the New Financial Services Agreement between the Company and Minmetals Finance Company and the annual caps for the three years ending 31 December 2027
- (10) the proposal in relation to the entering into of the New Framework Agreement between the Company and China Minmetals and annual caps for 2025
- (11) the proposal in relation to the grant of general mandate to the Board to issue shares
- (12) the proposal in relation to the asset securitization business plan of the Company
- (13) the proposal in relation to the closure of part of the Company’s A share fund raising project and the use of the remaining proceeds for permanent replenishment of liquidity
- (14) the proposal in relation to the amendments to the Articles of Association
- (15) the proposal in relation to the amendments to the Rules for the Work of Independent Directors of MCC

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## LETTER FROM THE BOARD

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### **CLOSURE OF H SHARES REGISTER OF MEMBERS**

In order to ascertain the Shareholders who will be qualified to attend and vote at the AGM, the H Shares register of members of the Company will be closed from Tuesday, 18 June 2024 to Tuesday, 25 June 2024 (both days inclusive). All completed transfer documents together with the relevant share certificate(s) must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 17 June 2024 for registration. Details of the AGM are set out in the notice dated 3 June 2024.

A form of proxy and reply slip applicable for the AGM are enclosed with this circular. If you intend to appoint a proxy to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon. In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) shall be deposited at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the AGM (excluding any public holiday). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

For information purpose, holders of H Shares who intend to attend the AGM in person or by proxy shall return the reply slip to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Thursday, 20 June 2024 by hand, by post or by fax (Fax: (852) 2865 0990).

### **VOTING BY WAY OF POLL**

In accordance with the Articles of Association and the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, the resolutions set out in the notice will be voted by way of poll. Voting results will be uploaded to the website of the Company ([www.mccchina.com](http://www.mccchina.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as soon as possible after the conclusion of the AGM.

### **RECOMMENDATION**

The Independent Board Committee has been established by the Company to advise the Independent Shareholders in respect of the transactions of the composite credit facilities services and deposit services under the New Financial Services Agreement (including the relevant annual caps), the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps).

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## LETTER FROM THE BOARD

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Gram Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same. The full text of the letter from the Independent Financial Adviser is set out on pages 42 to 75 of this circular.

The Independent Board Committee, having taken into account and based on the recommendation of the Independent Financial Adviser as set out in this circular, considers that the transactions of (i) the composite credit facilities services and deposit services under the New Financial Services Agreement (including the relevant annual caps) and (ii) the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the revision of the annual cap for the composite credit facilities services and deposit services under the New Financial Services Agreement (including the relevant annual caps), the transactions relating to the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps).

### GENERAL RECOMMENDATION

The Directors are of the opinion that the proposed resolutions set out in the notice are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of these proposed resolutions.

Yours faithfully

By order of the Board

**Metallurgical Corporation of China Ltd.\***

**Chen Jianguang**

*Chairman and Executive Director*

**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)

3 June 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 3 June 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the transactions of (i) the composite credit facilities services and deposit services under the New Financial Services Agreement (including the relevant annual caps) and (ii) the sale and purchase of materials (income and expenditure) as well as the engineering construction (income) under the New Framework Agreement (including the relevant annual caps) are entered into on normal commercial terms during the usual and ordinary course of business of the Group, and in the interests of the Company and its Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions of the composite credit facilities services and deposit services under the New Financial Services Agreement (including the relevant annual caps) and the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps).

We wish to draw your attention to the letter from the Board set out on page 1 to 39 of the Circular and the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders set out on page 42 to 75 of the Circular. The letter from Gram Capital contains the opinion of Gram Capital in respect of the transactions of the composite credit facilities services and deposit services under the New Financial Services Agreement (including the relevant annual caps) and the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps).

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**APPENDIX I            LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Having taken into account the advice of Gram Capital and its recommendation in relation thereto, we consider that the transactions of the composite credit facilities services and deposit services under the New Financial Services Agreement (including the relevant annual caps) and the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps) are entered into on normal commercial terms during the usual and ordinary course of business of the Group, and in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that you vote in favour of the ordinary resolutions to be proposed at the AGM to approve the transactions of the composite credit facilities services and deposit services under the New Financial Services Agreement (including the relevant annual caps) and the sale and purchase of materials (income and expenditure) and engineering construction (income) under the New Framework Agreement (including the relevant annual caps).

Yours faithfully,

**Metallurgical Corporation of China Ltd.\***

*Independent Board Committee*

**Zhou Jichang**

**Liu Li**

**Ng, Kar Ling Johnny**

\* *For identification purposes only*

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

3 June 2024

*To: The independent board committee and the independent shareholders  
of Metallurgical Corporation of China Ltd.\**

Dear Sir/Madam,

## **CONTINUING CONNECTED TRANSACTIONS**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions under the New Framework Agreement (including the relevant annual caps); and (ii) the deposit services (the “**Deposit Services**”) and the composite credit facilities services (the “**Credit Services**”) under the New Financial Services Agreement (including the relevant annual caps) ((i) and (ii) are collectively referred to as the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 3 June 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 28 March 2024 (the “**Announcement Date**”), the Board approved the Company to enter into (i) the New Framework Agreement with China Minmetals; and (ii) the New Financial Services Agreement with Minmetal Finance Company, so as to continue to carry out various types of transactions (including sale and purchase of materials (income and expenditure) transactions, engineering construction (income) transactions, the Deposit Services and the Credit Services) with China Minmetals Group and Minmetals Finance Company (as the case may be). The New Framework Agreement will be valid for a term of one year, effective from 1 January 2025; while the New Financial Services Agreement will be valid for a term from 1 January 2025 to 31 December 2027, both subject to the approval by the Independent Shareholders at the annual general meeting. The New Financial Services Agreement will be incorporated into the New Framework Agreement for governance upon it becoming effective.



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## **APPENDIX II      LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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The New Framework Agreement and the New Financial Services Agreement were entered into on 16 May 2024.

With reference to the Board Letter, the Transactions constitute continuing connected transactions and discloseable transactions (as the case may be), and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Zhou Jichang, Mr. Liu Li and Mr. Ng, Kar Ling Johnny (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transactions at the annual general meeting. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as an independent financial adviser in relation to the Company's (i) discloseable and continuing connected transactions, details of which are set out in the Company's circular dated 31 May 2022; and (ii) continuing connected transactions, details of which are set out in the Company's circular dated 25 May 2023. Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid past engagements, we were not aware of any relationship or interest between Gram Capital and the Company or any other parties during the two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital's independence under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

**BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps (including review of the Group's financial information for the two years ended 31 December 2023, the New Framework Agreement, the New Financial Services Agreement, certain individual contracts regarding sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions entered into between the Group and China Minmetals Group (together with relevant tender documents (where applicable)) and certain individual contracts or deposit records (where applicable) regarding transactions under the Credit Services and the Deposit Services (together with the relevant individual contract entered into between the Group and independent financial institution, relevant individual contract entered into between Minmetals Finance Company and member of China Minmetals Group, relevant deposit records for deposits placed by the Group with independent commercial banks, relevant deposit records for deposits placed by members of China Minmetals Group with Minmetals Finance Company and prevailing deposit interest rates applicable to the Group); the calculation for proposed annual caps; and discussion with the Directors) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, China Minmetals, Minmetals Finance Company or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

#### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

##### **Information on the Group**

With reference to the Board Letter, 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.

## APPENDIX II LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the audited consolidated financial information of the Group for the two years ended 31 December 2023 as extracted from the Company’s annual report for the year ended 31 December 2023 (the “2023 Annual Report”):

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000 (Restated)	Year on year change %
Total operating revenue	633,870,422	592,669,072	6.95
– Engineering contracting	580,845,638	531,207,159	9.34
– Resource development	6,637,897	8,836,703	(24.88)
– Featured business	29,556,607	29,606,180	(0.17)
– Comprehensive real estate	16,497,535	22,710,702	(27.36)
– Others	332,745	308,328	7.92
Net profit	11,406,109	12,931,630	(11.80)

As shown in the above table, the Group’s total operating revenue was approximately RMB633.87 billion for the year ended 31 December 2023 (“FY2023”), representing an increase of approximately 6.95% as compared to that for the year ended 31 December 2022 (“FY2022”). The Group generated majority of its revenue from engineering contracting. Revenue from the engineering contracting segment were approximately RMB531.21 billion and RMB580.85 billion for FY2022 and FY2023 respectively, representing approximately 89.63% and 91.63% of the Group’s total operating revenue for FY2022 and FY2023 respectively.

Despite the aforesaid increase in the Group’s total operating revenue, the Group’s net profit decreased from approximately RMB12.93 billion for FY2022 to approximately RMB11.41 billion for FY2023, representing a decrease of approximately 11.80%. With reference to the 2023 Annual Report, such decrease was mainly due to the increase in (i) selling expenses; (ii) administrative expenses; (iii) research and development expenses; (iv) credit impairment losses; and (v) impairment losses of assets.

As at 31 December 2023, the Group’s cash and bank balances and net assets were approximately RMB44.44 billion and RMB167.99 billion respectively.

**Information on China Minmetals and Minmetals Finance Company*****China Minmetals***

With reference to the Board Letter, China Minmetals is a state wholly-owned enterprise established in the PRC. It is a comprehensive conglomerate focusing on metal and mineral products business, and possessing trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities. As at the Latest Practicable Date, China Minmetals is an indirect controlling Shareholder of the Company.

***Minmetals Finance Company***

With reference to the Board Letter, Minmetals Finance Company was established in the PRC to provide financial services, including financial and financing consulting, credit assurance and relevant consulting and agency business to member units of China Minmetals. As at the Latest Practicable Date, Minmetals Finance Company is a subsidiary of China Minmetals.

With reference to the Board Letter, Minmetals Finance Company is a non-banking financial institution established with the approval by the PBOC and governed by the National Financial Regulatory Administration (“NAFR”) to provide financial services for member units of enterprises.

As further advised by the Directors, Minmetals Finance Company is required to operate in compliance with the 《企業集團財務公司管理辦法》 (Administrative Measures for the Group Finance Companies\*, the “**Administrative Measures**”) promulgated by China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會), which was replaced by NAFR in May 2023. Pursuant to the Administrative Measures, it regulates the operation of non-banking financial institutions which provide financial management services to the enterprise group member entities. The Administrative Measures set out certain compliance and risk control requirements/measures in relation to the operation of group finance companies, including but not limited to maintaining certain financial ratios at all times. Furthermore, pursuant to the Administrative Measures, the parent group company and controlling shareholder(s) of group finance company shall supplement such group finance company’s capital when necessary.

Based on our discussions with Minmetals Finance Company, we understood that NAFR monitors Minmetals Finance Company’s operations and compliance with relevant laws and regulations, through on-site examinations and off-site surveillance, from time to time. The NAFR may impose corrective and punitive measures, including fines and ordering the suspension of certain business activities. According to Minmetals Finance Company, the NAFR has not taken any disciplinary actions, or imposed penalties or fines on the Finance Company for the two years ended 31 December 2023. As further advised by Minmetals Finance Company, Minmetals Finance Company is required to submit quarterly operational analysis report of the Finance Company’s business operation to Beijing Supervision Bureau under the NAFR.

**Reasons for and benefits of the Transactions*****Sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions under the New Framework Agreement***

As illustrated in the section above, the engineering contracting segment, resource development segment, featured business segment and comprehensive real estate segment are the Group's major sources of revenue. The purchase of materials (such as steels and equipment which satisfies the Group's needs for engineering construction and production operation); the sale of materials (metal resource products including nickel, cobalt, lead, copper, etc; and equipment) (the income of which will be recorded under resource development segment or featured business (as the case may be)); and the engineering construction (income) transaction (the income of which will be recorded under engineering contracting segment) are in the Group's ordinary and usual course of business. As advised by the Directors, all of the above will be entered into on a frequent basis.

With reference to the Board Letter, steel trading is one of the traditional businesses of China Minmetals Group that not only possesses advantageous position in the domestic market but is also supported with international trading channels, which can provide the Company with stable supply of steel and relevant materials. In addition, China Minmetals Group is able to offer steady and quality sales channels for metal resources and products manufactured by subsidiaries of the Company that engage in resource business. Since China Minmetals Group and the Company possess different capabilities in equipment manufacturing, the mutual supply of equipment can create complementary advantages, hence satisfying the needs for particular engineering construction and production and operation.

Furthermore, China Minmetals Group is a large-scale conglomerate that engages in global operation. By participating in the bidding process for the engineering construction projects of China Minmetals Group, the Company will be able to enlarge its market share, increase its operating revenue, enhance market competitiveness and boost brand awareness so as to facilitate the brand building of the Company. As China Minmetals Group possesses regional advantages in certain regional markets, the subcontracting of partial engineering construction projects located at such regions by the Company to China Minmetals Group is conducive to the Company's reduction of engineering construction costs and acceleration of progress of engineering construction.

As further advised by the Directors, the Directors consider that it would be less burdensome for the Company to enter into the Transactions than to make separate disclosure of each relevant transactions and to obtain the separate approvals from the Independent Shareholders, as required by the Listing Rules. We noted from the Framework Agreement and the New Framework Agreement that the scope of the transactions contemplated thereunder are related to the Group's principal activities, and the prices and terms of each type of transactions (including sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transaction) will be no less favourable than those entered into between the Group and independent third parties.

***The Deposit Services and Credit Services***

With reference to the Board Letter, the provision of Deposit Services and Credit Services by Minmetals Finance Company to the Group facilitate the settlement of the Group with China Minmetals Group and shortens the time required for fund transfers. Minmetals Finance Company can reduce the Group's cost of funds by, among others, increasing the efficiency of internal settlement. In addition, by placing funds with Minmetals Finance Company, the Group can have ready, timely and unrestricted access to funds to meet its flexible funding requirements. At the same time, the Group is entitled to choose to withdraw its deposits from Minmetals Finance Company in full or in part from time to time. The Group has full discretion to place its deposits with Minmetals Finance Company or with independent commercial banks without any restrictions.

***Our conclusion***

Based on our discussion with the Directors and according to the 2023 Annual Report:

- (i) the business of the Group's resources development mainly focuses on mining, selection and refining of metal resources of nickel, copper, zinc, lead and other nonferrous metals (being the products to be sold under the sale and purchase of materials (income) transactions);
- (ii) revenue generated from the Group's engineering contracting segment accounted for over 90% of the total operating revenue of the Group for both FY2022 and FY2023. Revenue generated and to be generated from the engineering construction (income) transactions pursuant to the Framework Agreement and the New Framework Agreement has been and will be recorded in this segment;
- (iii) the Group's engineering contracting business require raw materials including, among other things, steel, while the Group's featured business requires steel, cement, equipment and spare parts, where the Group will, as a purchaser, purchase steel from China Minmetals Group (under the sale and purchase of materials (expenditure) transactions) according to the New Framework Agreement; and
- (iv) given the Group's business nature, the Group is often required to arrange for certain financial services (such as loans and finance lease, acceptance and discounting of bills, guarantees, letters of guarantee and opening of letters of credit) to facilitate settlement arrangement with the Group's customers and suppliers. In addition, pursuant to the Financial Services Agreement, (a) the interest rate on the loans provided by Minmetals Finance Company to the Group shall be determined in accordance with the Loan Prime Rate (LPR) published by the PBOC, which shall not be higher than the interest rate on the loans of the same type provided by Minmetals Finance Company to other members of China Minmetals under same conditions, and shall be determined on normal commercial terms; and (b) the interest rate on the deposit services provided by Minmetals Finance Company to the Group shall not be lower than the benchmark deposits interest rate on deposits

of the same type with the same maturity published by the PBOC and the interest rate on deposits provided by Minmetals Finance Company to other member units of China Minmetals under the same conditions, and shall be determined on normal commercial terms.

Having considered the aforesaid, we concur with the Directors that the Transactions will be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and Shareholders as a whole.

**I. Principal terms of the sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions under the New Framework Agreement**

Set out below are the principal terms of the sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions contemplated under the New Framework Agreement, details of which are set out under the section headed “8. PROPOSED APPROVAL OF THE PROPOSAL OF THE NEW FRAMEWORK AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND CHINA MINMETALS AND THE ANNUAL CAPS FOR 2025” of the Board Letter:

***Parties***

- (1) The Company; and
- (2) China Minmetals

***Transaction types***

- (1) *Sale and purchase of materials (income and expenditure) transactions*

The Company will, as a purchaser, purchase steel from China Minmetals Group and will, as a supplier, sell bulk materials (i.e. metal resource products including nickel, cobalt, lead, zinc and copper, etc.) to China Minmetals Group. The Group will also sell to and purchase from China Minmetals Group the equipment necessary for general construction contracting and production operation.

The abovementioned material suppliers will also provide relevant logistics services in relation to the materials supplied, including storage, freight forwarding, shipping and land transportation and other services.



(2) *Engineering construction transactions*

The Company will, as a contractor, provide engineering construction services to China Minmetals Group, including engineering services of engineering, procurement and construction (EPC) and public-private partnership (PPP) projects. In addition, given the regional advantages of the specialized companies of China Minmetals in certain areas, and their professional construction qualifications and unique technological advantages in nonferrous mining and smelting engineering construction fields, the Company will subcontract part of the construction work secured in such areas and fields to the specialized companies of China Minmetals.

***Pricing of the transactions***

Pursuant to the New Framework Agreement, with respect to the materials and services provided to the Group by China Minmetals Group, China Minmetals has undertaken that it will not and will procure its subsidiaries not to provide relevant materials and services to the Group on terms which are less favourable than those offered to third parties.

(1) *Sale and purchase of materials (income and expenditure) transactions*

The suppliers and prices of steel and equipment will be determined by the open tender process of the purchaser and the result of successful bid will be publicly announced on the website of the purchase platform operated by the purchaser. Upon winning the bid, the parties will enter into a specific purchase contract, in which the payment arrangement on the purchase price, generally including prepayments, payments upon goods delivery and completion of inspection and acceptance and quality guarantee deposits, will be specified.

The selling price of bulk materials (i.e. metal resource products including nickel, cobalt, lead, zinc and copper, etc.) offered by the Group to China Minmetals Group will be determined by the parties through negotiation with reference to the average monthly price of relevant bulk raw materials announced by the London Metal Exchange and SMM ([www.smm.cn](http://www.smm.cn)) and such selling price will be no less favourable than those entered into between the Group and independent third parties. The price of bulk materials is determined based on the average settlement price of the reference platform price during the pricing period, multiplied by the corresponding non-ferrous metal pricing coefficient. The non-ferrous metal pricing coefficient is determined based on the percentage content of non-ferrous metals in the object under the transaction. The parties will specify the payment arrangement (including advance payment, payment upon acceptance of products and quality warranty fees, etc.), as well as the standards relating to logistics transportation and product testing, in the specific purchase contract.

(2) *Engineering construction transactions*

The price of engineering construction projects will be determined through open tender. Pursuant to the relevant laws and regulations for public bidding and tendering in China, the public bidding and tendering results and prices of state-owned projects, state-owned investment projects and those construction projects related to the national economy and the people's livelihood will be announced on the website of the platform of public bidding and tendering of government projects. Upon winning the bid, the parties will enter into a specific construction contract, in which the payment arrangement on the construction price (which will be generally paid according to the progress of a particular project or the completion ratios calculated on a monthly basis) will be specified.

As advised by the Directors, some of those works involve professional qualification constructions, which will be subcontracted by the Group to China Minmetals Group, the parties will enter into subcontract, the contract price of which will be determined on the basis of the agreed price, and the reasonable costs in the agreed price will be calculated based on the actual costs incurred in respect of manpower, materials and machinery (which the construction price will be paid include but not limited, according to the visual progress of a particular project or the completion ratio calculated on a monthly basis).

With reference to the Board Letter, in order to ensure that the prices and terms of each type of the transactions (including sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions) under the New Framework Agreement will be no less favourable than those entered into between the Group and independent third parties, the Company has adopted the certain measures and procedures, details of which are set out in the sub-section headed "Pricing and Internal Control Procedures" under the section headed "8. PROPOSED APPROVAL OF THE PROPOSAL OF THE NEW FRAMEWORK AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND CHINA MINMETALS AND THE ANNUAL CAPS FOR 2025" of the Board Letter. We are of the view that the effective implementation of the internal control measures will ensure the fair pricing of the transactions (including sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transaction) under the Framework Agreement and the New Framework Agreement.

To assess the effectiveness of the internal control measures, we conducted the following works:

- We obtained from the Company a list of contracts entered into between the Group and China Minmetals Group regarding sale and purchase of materials (income) transactions for FY2023. From the aforesaid list, we randomly selected and obtained 3 sets of individual contracts for FY2023.

As the contract value of the sampled contracts in total accounted for over 5% of the total contract value of the individual contracts entered into between the Group and China Minmetals Group regarding sale and purchase of materials (income) transactions for FY2023, we consider the samples reviewed are sufficient, adequate and representative for us to assess the effectiveness of the internal control measures.

We noted that the prices for the materials underlying the sale and purchase of materials (income) transactions determined with reference to the quoted price of the relevant materials at the relevant time.

- We obtained from the Company (i) a list of contracts entered into between the Group and China Minmetals Group regarding sale and purchase of materials (expenditure) transactions for FY2023; and (ii) a list of contracts entered into between the Group and China Minmetals Group regarding engineering construction (income) transactions during the three years ending 31 December 2023. From the aforesaid lists of contracts, we randomly selected and obtained (i) 3 sets of individual contracts and related tendered award documents regarding sale and purchase of materials (expenditure) transactions for FY2023; and (ii) 3 sets of individual contracts and tender related documents regarding engineering construction (income) transactions for FY2023.

As the contract values of the sampled individual contracts accounted for over 5% of the total contract values of all relevant contracts of the respective transactions for FY2023, we consider the samples reviewed are sufficient, adequate and representative for us to assess the effectiveness of the internal control measures.

We noted that such individual contracts were all entered into through an open tender process, with key terms being fixed based on the requirements of the tender process.

- We also discussed with staffs of relevant business departments of the Group and understood that the staffs of such departments were aware of the internal control measures and would comply with internal control measures when conducting the sale and purchase of materials (income and expenditure) and engineering construction (income) transactions under the Framework Agreement and the New Framework Agreement.

With reference to the 2023 Annual Report, the Company's independent non-executive Directors have reviewed the continuing connected transactions (including, among other things, the sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions) and confirmed that these transactions have been entered into: (a) in the ordinary course of business of the Company; (b) either on normal commercial terms or on terms no less favourable to the Company than those available to or provided from (as appropriate) independent third parties as the Company is concerned; and (c) in accordance with the terms of the agreements governing them that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

In addition, the Company's auditors were engaged to report on the continuing connected transactions (including, among other things, the sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions) of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor had issued their unqualified letter containing their conclusions in respect of the continuing connected transactions (including the sale and purchase of materials (income and expenditure) transactions and engineering construction (income) transactions) in accordance with Rule 14A.56 of the Listing Rules, stating that, during FY2023: (a) nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Board; (b) for transactions involving the provision of goods or services by the Company, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company; (c) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) nothing has come to the auditor's attention that causes the auditor to believe that the amount of the continuing connected transactions have exceeded the total annual caps set by the Company.

In light of our works as mentioned above, we consider the internal control measures in place are effective to ensure that the prices and terms of the sale and purchase of materials (income and expenditure) transactions and the engineering construction (income) transactions under the New Framework Agreements will not be less favourable to the Group than those entered into between the Group and independent third parties.

***Proposed annual caps***

*(1) Sale and purchase of materials (income and expenditure) transactions*

Set out below is (i) the historical transaction amounts of sale and purchase of materials (income and expenditure) transactions for the three years ending 31 December 2024; (ii) the existing/previous annual caps and relevant utilisation rates; and (iii) the proposed annual caps for the year ending 31 December 2025.

	<b>For the year ended 31 December 2022 RMB'000</b>	<b>For the year ended 31 December 2023 RMB'000</b>	<b>For the year ending 31 December 2024 ("FY2024") RMB'000</b>
<b>Sale and purchase of materials (income) transactions</b>			
Historical transaction amounts	3,095,249	3,869,054	1,160,230 <sup>(Note)</sup>
Existing/previous annual caps	8,104,530	6,274,780	6,067,440
Utilisation rate (%)	38.19	61.66	N/A
<b>Sale and purchase of materials (expenditure) transactions</b>			
Historical transaction amounts	11,446,053	12,620,361	2,358,080 <sup>(Note)</sup>
Existing/previous annual caps	24,340,290	25,307,130	23,537,130
Utilisation rate (%)	47.03	49.87	N/A
			<b>For the year ending 31 December 2025 ("FY2025") RMB'000</b>
Proposed annual caps:			
– Sale and purchase of materials (income) transactions			6,300,000
– Sale and purchase of materials (expenditure) transactions			23,200,000

*Note:* For the four months ended 30 April 2024.

As depicted in the above table, the historical transaction amounts for (i) sale and purchase of materials (income) transactions were approximately RMB3,095 million and RMB3,869 million for FY2022 and FY2023 respectively, representing utilization rates of approximately 38.19% and 61.66% respectively; and (ii) sale and purchase of materials (expenditure) transactions were approximately RMB11,446 million and RMB12,620 million for FY2022 and FY2023 respectively, representing utilization rates of approximately 47.03% and 49.87% respectively. The proposed annual cap for FY2025 for (i) sale and purchase of materials (income) transactions represented an increase of approximately 3.83% as compared to the existing annual cap for FY2024; and (ii) sale and purchase of materials (expenditure) transactions represented a decrease of approximately 1.43% as compared to the existing annual cap for FY2024.

As advised by the Directors, the difference between the historical annual cap and the historical transaction amount was primarily an outcome of the Group's actual operations, in particular, the Group or China Minmetals Group might also procure material from other suppliers depending on the outcome of the tender process, and certain transactions might still be under negotiation and there might be delay in execution.

To assess the fairness and reasonableness of the proposed annual caps for both sale and purchase of materials (income and expenditure) transactions, we obtained a detailed calculation of the same (the "**Materials Annual Caps Calculation**"). We understood from the Directors that the calculation includes estimated transactions of subsidiaries of the Company and were formulated and approved by the relevant operating subsidiaries before submitting to the Company for consolidation and review and they were formulated based on the business needs of the relevant operating subsidiaries. We noted from the Materials Annual Caps Calculation that the proposed annual caps for both sale and purchase of materials (income and expenditure) transactions were formulated based on the estimated transaction amounts and a buffer of approximately 10%.

Estimated transaction amounts of sale and purchase of materials (income) transactions

With reference to the Board Letter, the estimated transaction amounts of sale and purchase of materials (income) transactions for FY2025 was approximately RMB5,708.99 million, formulated based on the following information as at 31 December 2023:

- (i) the value of signed contracts for sale and purchase of materials (income) amounted to approximately RMB680.76 million;
- (ii) the value for cooperation with confirmed intention amounted to approximately RMB4,382.73 million;

- (iii) the value for projects which were being followed up amounted to approximately RMB15.3 million; and
- (iv) the value of projects proposed to be developed amounted to approximately RMB630.2 million.

We noted from the Materials Annual Caps Calculation that approximately 68.10% of the total estimated transaction amounts of sale and purchase of materials (income) transactions for FY2025 were estimated to cater for the sale of a type of nickel intermediate products to a subsidiary of China Minmetals. Such amounts were formulated based on the estimated quantity of nickel composition in the nickel intermediate products, the nickel price of around US\$18,000 per metric ton (the “**Estimated Nickel Price**”), the estimated exchange rate of US\$1.00 to RMB7.00.

Based on the information provided by the Company, we noted that approximately 65%, 51% and 59% of the individual contracts (in terms of contract value) entered into between the Group and China Minmetals Group in relation to the sale and purchase of materials (income) Transactions were for the sale of nickel intermediate products for each of the three years ended 31 December 2023, respectively.

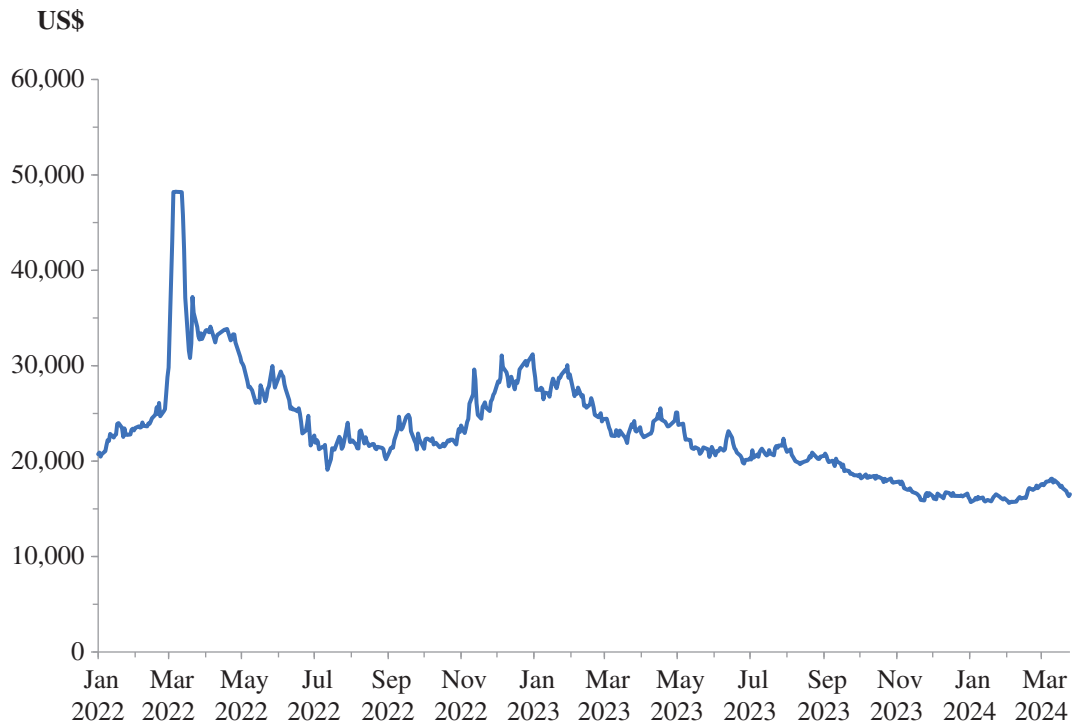
#### Estimated quantity of nickel intermediate products

To assess the fairness and reasonableness of the estimated quantity of nickel composition in the nickel intermediate products to be sold to China Minmetals Group for FY2025, we obtained the historical sales volume of nickel composition in the nickel intermediate products sold by the Group to China Minmetals Group for the three years ended 31 December 2023. We noted that the quantity of nickel composition in the nickel intermediate products sold by the Group to China Minmetals Group for FY2023 increased by approximately 25% as compared to that for FY2022; while the estimated quantity of nickel composition in the nickel intermediate products to be sold to China Minmetals Group for FY2025 represents an increase of approximately 7% as compared to that for FY2023. As such, we do not doubt the reasonableness of the estimated quantity of nickel composition in the nickel intermediate products to be sold by the Group to China Minmetals Group for FY2025.

#### Estimated Nickel Price

For our due diligence purposes, we examined the historical spot prices of nickel quoted on LME during the period from 4 January 2022 to the Announcement Date (the “**Review Period**”), based on information obtained from Wind Financial Terminal, being a reputable source of reference. As the Review Period represents approximately two-year period prior to the Announcement Date, we consider such period to be fair and representative.

### Historical spot price of nickel (per metric ton)



Source: Wind Financial Terminal

The spot prices of nickel formed a general increasing trend and fluctuated between the range of US\$20,480 per metric ton to US\$29,800 per metric ton during the period from January 2022 to February 2022. The spot prices of nickel surged significantly during early-March 2022 and reached the highest of US\$48,241 per metric ton on 10 March 2022. Thereafter, the spot prices of nickel formed a general decreasing trend and reached the lowest spot price in 2022 of US\$19,100 per metric ton on 15 July 2022, before it rebounded and reached US\$30,425 per metric ton on 30 December 2022.

From the start of 2023, the closing price of nickel formed a general decreasing trend and fluctuated between the range of US\$15,620 per metric ton to US\$31,200 per metric ton and reached RMB16,530 per metric ton on the Announcement Date.

The Estimated Nickel Price is close to the spot prices of nickel from late-February 2024 to mid-March 2024. As such, we do not doubt the reasonableness of the Estimated Nickel Price.

Having considered (i) the estimated transaction amounts were formulated and approved by the relevant subsidiaries before submitting to the Company for consolidation and review and they are formulated based on the potential business needs of the relevant operating subsidiaries; (ii) the movement in closing prices of nickel during the Review Period, in



particular, after the surge in closing prices of nickel in early-March 2022; and (iii) the assumptions that the Group would win all bid of projects/transactions issued by China Minmetals Group for FY2025, we consider the estimated price level of nickel for FY2025 for the purpose of formulating the proposed annual cap and the estimated amount of sale and purchase of materials (income) transactions for FY2025 is justifiable.

#### Buffer of 10%

As mentioned above, the Company applied a buffer of 10% to the estimated transaction amounts for its subsidiaries for FY2025 to cater for any unforeseeable circumstances such as the unexpected increase in demand of products and the unexpected increase in price of the products.

To assess the fairness and reasonableness of the buffer of approximately 10%, we searched for circulars regarding continuing connected transactions published by other Hong Kong listed companies during the period from 1 January 2024 to the Announcement Date. We noted that out of the 20 circulars published by other Hong Kong listed companies that incorporated buffer in their proposed annual caps regarding continuing connected transactions, 10 of which incorporated buffer ranging from 5% to 15% in their proposed annual caps regarding continuing connected transactions. As such, we consider the incorporation of buffer of 10% in the proposed annual caps is common among listed companies in Hong Kong and is in line with market practice and therefore it is justifiable.

Having considered the above, in particular, (i) the estimated amounts of sale and purchase of materials (income) transactions for FY2025 is justifiable; (ii) the buffer of 10% is justifiable; and (iii) the estimated transaction amounts were formulated on the basis that the existing and estimated bidding projects of China Minmetals Group that the Group intends to participate would be won by the Group, which coincide with the purpose of annual caps to cater for the possible business needs of the Group, we are of the view that the proposed annual cap for FY2025 is fair and reasonable.

Estimated transaction amounts in relation to the sale and purchase of materials (expenditure) transactions

With reference to the Board Letter, the estimated transaction amounts of sale and purchase of materials (expenditure) transactions for FY2025 was approximately RMB21,020 million (including the estimated demand of steel by the Group from China Minmetals Group for FY2025 of approximately RMB20,423 million), formulated based on the following information as at 31 December 2023:

- (i) the value of signed contracts for sale and purchase of materials (expenditure) amounted to approximately RMB4,516 million;
- (ii) the value of contracts which China Minmetals Group won the bid and will be executed in the year of 2025 amounted to approximately RMB200 million;
- (iii) the estimated material procurement expenditure for the year of 2025 of the Group based on the Group project volume and project procurement plan is approximately RMB308 million;
- (iv) the estimated procurement scale in 2025 based on the 2024 procurement plan is RMB545 million;
- (v) the estimated amount for the year of 2025 based on the amount of sale and purchase of materials (expenditure) transactions executed in the previous years is approximately RMB14,443 million; and
- (vi) the amount of the business being followed up of approximately RMB1,007 million.

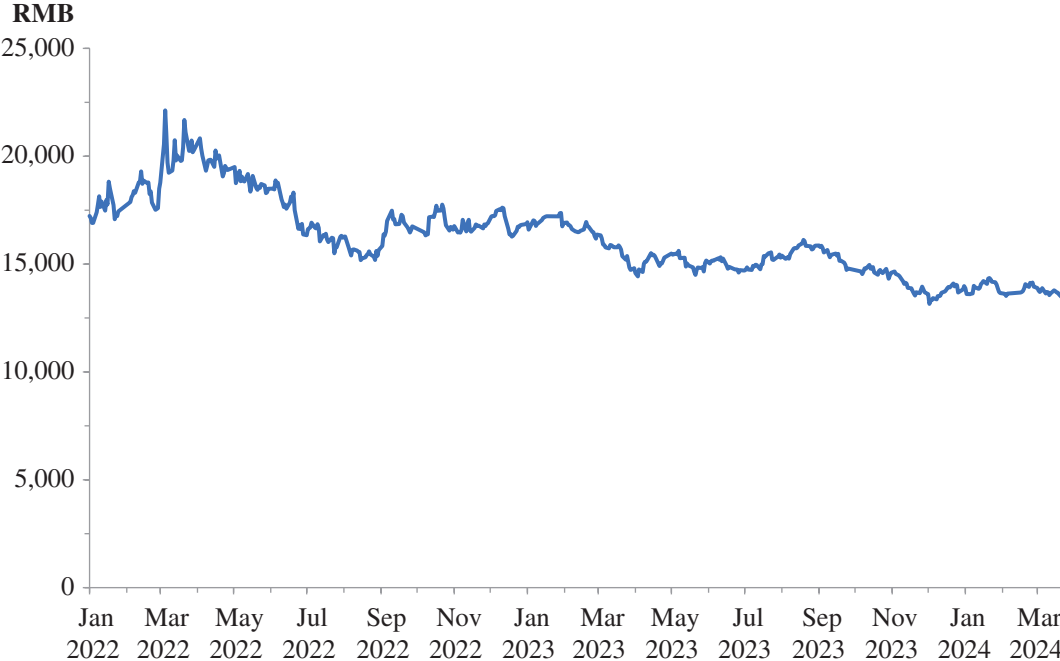
Based on the information provided by the Company, we also noted that approximately 97%, 94% and over 99% of the individual contracts (in terms of contract value) entered into between the Group and China Minmetals Group in relation to the sale and purchase of materials (expenditure) transactions were for the purchase of steels for each of the three years ended 31 December 2023, respectively.

As advised by the Directors, the estimated transaction amounts in relation to the sale and purchase of materials (expenditure) transactions were determined based on the Group's demand for steels and China Minmetals Group's supply capacity. As the supplier of the transactions between the Group and China Minmetals Group for sale and purchase of materials (expenditure) transactions would be selected through tender process, the existing and proposed annual caps in relation to the sale and purchase of materials (expenditure) transactions were determined on the assumption that China Minmetals Group would be awarded all of the tenders. The low utilisation of the existing annual caps was primarily the outcome of the Group's tender process where other independent suppliers may be awarded the relevant tenders.

The estimated amount for the year of 2025 formulated based on the amount of sale and purchase of materials (expenditure) transactions executed in the previous years of approximately RMB14,443 million represented an increase of approximately 14% as compared to the historical transaction amounts of sale and purchase of materials (expenditure) transactions for FY2023. We further understood from the Directors that the estimated transaction amounts that were formulated based on the historical transaction amount of the sale and purchase of materials (expenditure) transactions including possible increase in unit prices, possible business growth and the status of the relevant engineering construction projects for which the steels are used.

For our due diligence purposes, we examined the prices of stainless steel during the Review Period, based on information obtained from Wind Financial Terminal. As the Review Period represents approximately two-year period prior to the Announcement Date, we consider such period to be fair and representative.

**Historical daily closing price of Stainless Steel (per metric ton)**



Source: Wind Financial Terminal

From the start of the Review Period, the closing prices of stainless steel formed a general increasing trend before it fluctuated between RMB16,905 per metric ton to RMB19,295 per metric ton during the period from 4 January 2022 to 28 February 2022. The closing price of stainless steel surged and reached the highest price of RMB22,125 per metric ton on 8 March 2022 before it formed a general decreasing trend after reaching its peak. From 1 September 2022 up to the Announcement Date, the closing prices of stainless steel fluctuated between RMB13,155 per metric ton and RMB17,755 per metric ton before it reached RMB13,490 per metric ton on the Announcement Date.

The closing prices of stainless steel ranged from RMB13,330 per ton to RMB13,955 per ton during the period from 2 January 2024 up to the Announcement Date, which are close to the lower end of the closing prices of stainless steel during the Review Period. Given the aforesaid, we do not doubt the reasonableness of the possible increase in the unit price of steel.

As illustrated in the section headed “Information on the Group” above, the Group recorded total operating revenue of approximately RMB633.87 billion for FY2023, representing an increase of approximately 6.95% as compared to that for FY2022. Revenue from engineering contracting segment amounted to approximately RMB580.85 billion for FY2023, representing an increase of approximately 9.34% as compared to that for FY2022.

As detailed in the section headed “Information on the Group” above, the Group’s total operating revenue and revenue from engineering contracting segment recorded year-on-year increase for FY2023, which indicates the increasing demand for sale and purchase of materials (expenditure) transactions. Given that (i) majority of the estimated transaction amounts were determined to cater for the purchase of steels from certain subsidiaries of China Minmetals; and (ii) the purchase of materials such as steels and equipment are to satisfy the Group’s needs for engineering construction and production operation, we consider the estimated amount of sale and purchase of materials (expenditure) transactions for FY2025, which remained at similar level as that for FY2024, is justifiable.

Buffer of 10%

As mentioned above, the Company applied a buffer of 10% to the estimated transaction amounts for its subsidiaries for FY2025 to cater for any unforeseeable circumstances such as the unexpected increase in demand of products and the unexpected increase in price of the products. As mentioned above, we consider the incorporation of buffer ranging from 5% to 15% in the proposed annual caps is common among listed companies in Hong Kong and is in line with market practice and therefore it is justifiable.

Having considered the above, in particular, (i) the estimated transaction amounts in relation to the sale and purchase of materials (expenditure) transactions for FY2025 is justifiable; (ii) the buffer of 10% is justifiable; and (iii) the estimated transaction amounts were formulated on the basis that the existing and estimated bidding projects of China Minmetals Group that the Group intends to participate would be won by the Group, which coincide with the purpose of the annual caps to cater for the possible business needs of the Group, we are of the view that the proposed annual cap for FY2025 is fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of revenue to be recognised or costs to be incurred from the sale and purchase of materials (income and expenditure) transactions. Consequently, we express no opinion as to how closely the actual transaction amount to be incurred from the sale and purchase of materials (income and expenditure) transactions will correspond with the proposed annual cap.

In light of the above, we consider that the terms of the sale and purchase of materials (income and expenditure) transactions (including the proposed annual cap for FY2025) are on normal commercial terms and are fair and reasonable.

(2) *Engineering construction (income) transactions*

Set out below is (i) the historical transaction amounts of engineering construction (income) transactions for the three years ending 31 December 2024; (ii) the existing/previous annual caps and relevant utilisation rates; and (iii) the proposed annual caps for the year ending 31 December 2025.

	<b>For the year ended 31 December 2022 RMB'000</b>	<b>For the year ended 31 December 2023 RMB'000</b>	<b>For the year ending 31 December 2024 RMB'000</b>
Historical transaction amounts	3,619,922	5,277,779	1,606,120 <sup>(Note)</sup>
Existing/previous annual caps	18,850,000	13,447,080	14,290,870
Utilisation rate (%)	19.20	39.25	N/A

*Note:* For the four months ended 30 April 2024.

**For the  
year ending  
31 December  
2025  
RMB'000**

Proposed annual cap	11,800,000
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As depicted in the above table, the historical transaction amounts for engineering construction (income) transactions were approximately RMB3,620 million and RMB5,278 million for FY2022 and FY2023 respectively, representing utilization rates of approximately 19.20% and 39.25% respectively. Despite the significant increase in historical transaction amounts and the utilisation rate for FY2023 as compared to that for FY2022, the utilisations of the previous annual caps were not high. The proposed annual cap for engineering construction (income) transactions for FY2025 was downward adjusted by approximately 17.43% to RMB11,800 million.

With reference to the Board Letter, the Group's tender success rates for China Minmetals Group's bidding projects were approximately 68.57%, 66.28% and 80.00% for FY2022, FY2023 and the four months ended 30 April 2024. Despite the relatively high tender success rates for China Minmetals Group's bidding projects, the utilisation rates of the existing annual caps were relatively low. We enquired into the Directors regarding the low utilisation rates for both FY2022 and FY2023 and understood that the low utilisation rates were mainly due to (i) the suspension or cancellation of some of the projects which the Group intends to participate, as a result of changes in market environment and the decision of the tenderees; (ii) the fact that the Group did not progress further on the bidding process of some of the projects which the Group intended to participate, as they were not as feasible/profitable as originally expected; and (iii) the construction progress of some of the projects were prolonged as a result of changes in the market environment, fiscal policies and/or other influencing factors given the long construction period.

We further understood from the Directors that the construction progresses of the prolonged projects are uncertain and they are subject to the prevailing market conditions; while the proposed annual caps for engineering construction (income) transactions was determined on the assumption that all the bidding projects will be won by the Group and based on the Group's possible business demand (including, possible business demands for certain prolonged projects).

With reference to the Board Letter, the suppliers of the transaction between the Group and China Minmetals Group (i.e. the provision of engineering construction services by the Group as contractor) will be selected through the open tender method. The Company is unable to predict whether the Group will win the bid for any particular project. Therefore, in estimating the annual caps for FY2025, the Company made reference to: (i) the existing and estimated bidding projects of China Minmetals Group assuming that the Group would win the bid in all bidding projects of China Minmetals Group in which the Group intends to participate, and taken into consideration the estimated amount of the bidding projects as the basis for determining the annual caps; and (ii) the investment plan formulated by China Minmetals Group and the estimated building cost of such engineering projects for which the Group intends to participate in the bidding process, and such building cost has been estimated with reference to the investment amount of similar projects within the same region.

To assess the fairness and reasonableness of the proposed annual cap for engineering construction (income) transactions, we obtained a detailed calculation of the same (the “**Engineering Annual Cap Calculation**”). We understood from the Directors that the calculation includes estimated transactions of subsidiaries of the Company and were formulated and approved by the relevant operating subsidiaries before submitting to the Company for consolidation and review and they were formulated based on (i) the estimated engineering construction projects which the Group won the bid already or intends to participate in bidding during both FY2023 and FY2024; (ii) the subsidiaries’ understanding on the strategic development plan of China Minmetals Group; and (iii) the estimated building cost of such engineering projects. We noted from the Engineering Annual Cap Calculation that the proposed annual cap for engineering construction (income) transactions was formulated based on the estimated transaction amounts and a buffer of approximately 10%.

Estimated transaction amounts in relation to the engineering construction (income) transactions

With reference to the Board Letter, the estimated transaction amounts of engineering construction (income) transactions for FY2025 of approximately RMB10,772 million were formulated based on the following information as at 31 December 2023:

- (i) the value of contracts of successful bids for engineering construction (income) amounted to approximately RMB130 million;
- (ii) the value of signed contracts amounted to approximately RMB6,999 million (together with (i) above, the “**Committed Value**”);
- (iii) the value for projects which were being followed-up amounted to approximately RMB250 million; and

- (iv) the estimated amount of engineering construction transactions with China Minmetals Group for 2025 (based on the Group's market development plans and the amounts of businesses to be developed) of approximately RMB3,343 million.

We noted from the Engineering Annual Cap Calculation that the estimated transaction amounts were based on the consideration under various agreements and projects involvement of the Company's subsidiaries. The various types of projects include engineering supervision, engineering design, contracting, provision of technical services, exploration and design etc. We also understood that the estimated income of the engineering construction services would depend on the potential demand of China Minmetals Group (i.e. the demand on contractors for its engineering construction projects) and the outcome of the tender process on the selection of contractors. It would be difficult for the Group to accurately measure the potential amount of the transaction.

As aforementioned, the estimated transactions amounts for projects, which the Group was awarded the tender or the Group had entered into relevant contracts, amounted to approximately RMB7,129 million in aggregate (i.e., the Committed Value). This represented approximately 66% of the total estimated transactions amounts for FY2025.

For our due diligence purpose, we reviewed the supporting documents for the five largest projects in terms of value for FY2025 (the "**Sampled Projects**"), including successful bidding notice and/or signed contracts by various parties including the Group and the China Minmetals Group. Despite that we only selected five projects, we considered the Sampled Projects are sufficient for us to form our view given that:

- (i) the Sampled Projects are the five largest projects in terms of value, and accounted for (a) approximately 50% of the estimated transaction amounts in relation to the engineering construction (income) transactions for FY2025; and (b) approximately 75% of the Committed Value;
- (ii) as aforementioned, the estimated transaction amounts were estimated by the Company's relevant subsidiaries taking into account, among other things, the estimated engineering construction projects and the estimated building cost of such engineering projects; and
- (iii) we understood from the Directors that the bases for estimating such transaction amounts by other subsidiaries of the Company are the same as those for the Sampled Projects.



We noted from the supporting documents of the Sampled Projects that the relevant Committed Value for FY2025 were either less than or the same as the total value showing in the successful bidding notices or the signed contracts. As advised by the Directors, the time schedule of the project was also considered as some of the projects will not be completed within one year. As such, we considered that the estimated transaction amounts for Sampled Projects are reasonable.

Based on our review of the Sampled Projects, we do not doubt the estimated transaction amounts for FY2025 as estimated by the Company's subsidiaries.

Having considered that (i) the estimated income of the engineering construction services would depend on the potential demand of China Minmetals Group (i.e. the demand on contractors for its engineering construction projects) and the outcome of the tender process on the selection of contractors; (ii) the estimated transaction amounts of the Company's subsidiaries were determined based on their understanding on the strategic development plan of China Minmetals Group and the estimated building cost of such projects; (iii) the estimated income of the engineering construction services was calculated by the estimated amounts of a series of potential engineering construction projects or engineering construction projects which the Company's subsidiaries would be involved on the assumption that all of the bidding projects will be won by the Group; and (iv) our due diligence performed on the Sampled Projects, we are of the view that the estimated transaction amount in relation to the engineering construction (income) transactions for FY2025 is justifiable.

Buffer of 10%

As detailed above, the Company applied a buffer of 10% to the sum of estimated project/ transaction amounts for its subsidiaries to cater for any unforeseeable circumstances such as the unexpected increase in demand of products and the unexpected increase in price of the products. As mentioned above, we consider the incorporation of buffer ranging from 5% to 15% in the proposed annual caps is common among listed companies in Hong Kong and is in line with market practice and therefore it is justifiable.

Having considered the above, in particular, (i) that the estimated transaction amount in relation to the engineering construction (income) transactions for FY2025 is justifiable; (ii) the buffer of 10% is justifiable; and (iii) the estimated transaction amount was formulated on the basis that the existing and estimated bidding projects of China Minmetals Group that the Group intends to participate would be won by the Group, which coincide with purpose of the annual caps to cater for the possible business needs of the Group, we consider that the proposed annual cap for FY2025 is fair and reasonable.

Shareholders should note that as the proposed annual cap is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of revenue to be recognised from the engineering construction (income) transactions. Consequently, we express no opinion as to how closely the actual transaction amount to be incurred from the engineering construction (income) transactions will correspond with the proposed annual cap.

In light of the above, we consider that the terms of engineering construction (income) transactions are on normal commercial terms and are fair and reasonable.

## **II. Principal terms of the Credit Services and Deposit Services**

Set out below are the principal terms of the Deposit Services and Credit Services contemplated under the New Financial Services Agreement, details of which are set out under the section headed “NEW FINANCIAL SERVICES AGREEMENT” of the Board Letter:

### ***Parties***

- (1) The Company; and
- (2) Minmetals Finance Company

### ***Transaction types***

Pursuant to the New Financial Services Agreement, Minmetals Finance Company agreed to provide the following services to the Group:

- (i) Credit Services: Minmetals Finance Company will provide composite credit extension services and services thereunder to the Group, including the handling of loans and finance lease applications, bills acceptance and discounting, the provision of guarantees and the applications for letters of guarantee.
- (ii) Deposit Services: Minmetals Finance Company will provide deposit services to the Group.

### ***Term***

Subject to the approval by the Independent Shareholders at the AGM, the New Financial Services Agreement will be valid from 1 January 2025 to 31 December 2027. The New Financial Services Agreement can be extended or renewable for a term of three years if there is no disagreement from both parties, subject to compliance with all applicable laws and regulations and all applicable requirements under the Listing Rules.

***Pricing policies***

- (i) Credit Services: The interest rate on the loans provided by Minmetals Finance Company to the Group shall be determined in accordance with the Loan Prime Rate (LPR) published by the PBOC, which shall not be higher than the interest rate on the loans of the same type provided by Minmetals Finance Company to other members of China Minmetals, and shall be determined on normal commercial terms.
- (ii) Deposit Services: The interest rate on the deposit services provided by Minmetals Finance Company to the Group shall not be lower than the benchmark deposits interest rate on deposits of the same type with the same maturity published by the PBOC and the interest rate on deposits provided by Minmetals Finance Company to other member units of China Minmetals under the same conditions, and shall be determined on normal commercial terms.

With reference to the Board Letter, in order to ensure that the prices and terms of each type of the transactions under the New Financial Services Agreement (including the Credit Services and the Deposit Services) will be no less favourable than those entered into between the Group and independent third parties, the Company has adopted the certain risk management and internal control measures, details of which are set out in the sub-section headed “RISK MANAGEMENT AND INTERNAL CONTROL MEASURES RELATED TO THE NEW FINANCIAL SERVICES AGREEMENT” under the section headed “NEW FINANCIAL SERVICES AGREEMENT” of the Board Letter. We are of the view that the effective implementation of the internal control measures will ensure the fair pricing of the Credit Services and the Deposit Services.

To assess the effectiveness of the internal control measures, we conducted the following works:

- We obtained two individual contracts entered into between the Group and Minmetals Finance Company during the fourth quarter of FY2023, being the only individual contracts in relation to the grant of short-term loans by Minmetals Finance Company to the Group, together with (i) one individual contract in respect of comparable loan arrangement entered into between the Group and an independent financial institution during the fourth quarter of FY2023; and (ii) one set of individual contract in respect of comparable loan arrangement entered into between Minmetals Finance Company and a member of China Minmetals during the fourth quarter of FY2023, for comparison. We noted that the interest rates on the loans provided by Minmetals Finance Company to the Group were no less favourable to the Group than those offered by (i) the independent financial institution to the Group; and (ii) Minmetals Finance Company to members of China Minmetals.

- We obtained one set of deposit records for each quarter from the fourth quarter of FY2022 to FY2023 (as advised by the Directors, the Group had begun to utilise the Deposit Services from the fourth quarter of FY2022) (i.e. 5 sets of deposit records in total, the “**CCT Deposit Records**”), together with (i) one set of deposit records for comparable deposits placed by the Group with independent commercial banks for comparable periods; and (ii) a list of comparable deposits placed by other member of China Minmetals with Minmetals Finance Company for comparable periods, for comparison. We noted that the interest rates on the Deposit Services provided by Minmetals Finance Company to the Group were no less favourable to members of the Group than those offered by (i) independent commercial banks to the Group; and (ii) Minmetals Finance Company to members of China Minmetals.
- We also noted from the CCTs Deposit Records that the interest rates for the Deposit Services was not lower than the benchmark deposits interest rate on deposits of the same type with the same maturity published by the PBOC.
- We also discussed with staffs of The Capital Managerial Department (資金部) of the Company and understood that the staffs were aware of the internal control measures and would comply with internal control measures when conducting transactions contemplated under the New Financial Services Agreement.

With reference to the 2023 Annual Report, the Company’s independent non-executive Directors have reviewed the continuing connected transactions (including, among other things, the Credit Services and Deposit Services) and confirmed that these transactions have been entered into: (a) in the ordinary course of business of the Company; (b) either on normal commercial terms or on terms no less favourable to the Company than those available to or provided from (as appropriate) independent third parties as the Company is concerned; and (c) in accordance with the terms of the agreements governing them that are fair and reasonable and in the interests of the Company’s Shareholders as a whole.

In addition, the Company’s auditors were engaged to report on the continuing connected transactions (including, among other things, the Credit Services and Deposit Services) of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor had issued their unqualified letter containing their conclusions in respect of the continuing connected transactions (including the Credit Services and Deposit Services) in accordance with Rule 14A.56 of the Listing Rules, stating that, during FY2023: (a) nothing has come to the auditor’s attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Board; (b) for transactions involving the provision of goods or services by the Company, nothing has come to the auditor’s attention that causes the auditor to believe that the transactions

were not, in all material respects, in accordance with the pricing policies of the Company; (c) nothing has come to the auditor’s attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) nothing has come to the auditor’s attention that causes the auditor to believe that the amount of the continuing connected transactions have exceeded the total annual caps set by the Company.

In light of our works as mentioned above, we consider the internal control measures in place are effective to ensure that the prices and terms of the Credit Services and Deposit Services will not be less favourable to the Group than those entered into between the Group and independent third parties.

***Proposed annual caps***

Set out below is (i) the historical transaction amounts of the Credit Services and Deposit Services for the three years ending 31 December 2024; (ii) the existing annual caps and relevant utilisation rates; and (iii) the proposed annual caps for the three years ending 31 December 2027.

	<b>For the year ended 31 December 2022 RMB’000</b>	<b>For the year ended 31 December 2023 RMB’000</b>	<b>For the year ending 31 December 2024 RMB’000</b>
Maximum daily balance of composite credit facilities granted to the Group by Minmetals Finance Company <sup>(Note 1)</sup>	49,540	3,187,901	3,287,050 <sup>(Note 3)</sup>
Existing annual caps for Credit Services <sup>(Note 1)</sup>	30,000,000	30,000,000	30,000,000
Utilisation rate (%)	0.17	10.63	10.96
Daily balance of the Group’s deposits with Minmetals Finance Company <sup>(Note 2)</sup>	4,300,100	5,548,744	9,804,010 <sup>(Note 3)</sup>
Existing annual caps for Deposit Services <sup>(Note 2)</sup>	12,000,000	12,000,000	12,000,000
Utilisation rate (%)	35.83	46.24	81.70

*Notes:*

1. Including but not limited to loans and finance lease, acceptance and discounting of bills, guarantees, letters of guarantee, opening of letters of credit, etc., including accrued interests incurred.
2. Including accrued interests incurred.
3. For the four months ended 30 April 2024.

	<b>For the year ended 31 December 2025 RMB'000</b>	<b>For the year ended 31 December 2026 RMB'000</b>	<b>For the year ending 31 December 2027 RMB'000</b>
Proposed annual caps for:			
– Credit Services (“ <b>Proposed Credit Cap(s)</b> ”) <sup>(Note 1)</sup>	30,000,000	30,000,000	30,000,000
– Deposit Services (“ <b>Proposed Deposit Cap(s)</b> ”) <sup>(Note 2)</sup>	15,000,000	15,000,000	15,000,000

*Notes:*

1. Including but not limited to loans and finance lease, acceptance and discounting of bills, guarantees, letters of guarantee, opening of letters of credit, etc., including accrued interests incurred.
2. Including accrued interests incurred.

***Proposed Credit Caps***

As depicted in the above table, the maximum daily balance of composite credit facilities granted to the Group by Minmetals Finance Company (including accrued interests incurred) were approximately RMB50 million and RMB3,188 million for FY2022 and FY2023 respectively, representing utilisation rates of approximately 0.17% and 10.63% respectively.

To assess the fairness and reasonableness of the Proposed Credit Caps, we obtained from the Company a detailed explanation on the basis of the same. The Directors advised us that the low utilisation of the existing annual caps for Credit Services was primarily because the Group had prioritised the use of external credit services in the past; while the Proposed Credit Caps were determined with reference to the Group’s maximum demand for loans and other credit services.

We noted from the 2023 Annual Report that, as at 31 December 2023, the Group’s credit loans (included in short-term and long-term borrowings) and bills payable were approximately RMB82,084 million in aggregate, which is much larger than the Proposed Credit Caps and indicated the Group’s possible demand for Credit Services from both independent financial institutions and Minmetals Finance Company.

Having considered that (i) one of the reasons for the Credit Services is to facilitate the settlement between the Group and China Minmetals Group; and (ii) the Group's possible demand for Credit Services, we are of the view that the Proposed Credit Caps for the three years ending 31 December 2027 to be fair and reasonable.

***Proposed Deposit Caps***

As depicted in the above table, the daily balance of the Group's deposits with Minmetals Finance Company (including accrued interests incurred) were approximately RMB4,300 million and RMB5,549 million for FY2022 and FY2023 respectively, representing utilisation rates of approximately 35.83% and 46.24% respectively.

As at 31 December 2023, the Group's cash and bank balances were approximately RMB44.44 billion.

Given that (i) the Group's cash and bank balances as at 31 December 2023 was much larger than the Proposed Deposit Caps, which indicated the Group's possible demand for deposit services to be provided by independent financial institutions and Minmetals Finance Company; (ii) the Group recorded net cash inflow from operating activities for FY2022 and FY2023; and (iii) the increases in the maximum daily balance of the Group's deposits with Minmetals Finance Company for FY2024 (two months data only) as compared to FY2023 of approximately RMB4,255 million and for FY2023 as compared to FY2022 of approximately RMB1,249 million, we are of the view that the Proposed Deposit Caps for the three years ending 31 December 2027 are fair and reasonable.

Shareholders should note that as the Proposed Credit Caps and the Proposed Deposit Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2027, and they do not represent forecasts of credit facilities or deposit amounts under the Credit Services or the Deposit Services. Consequently, we express no opinion as to how closely the actual credit facilities under the Credit Services or the deposit amount under the Deposit Services will correspond with the Proposed Credit Caps or the Proposed Deposit Caps.

Having considered the principal terms of the Credit Services and the Deposit Services under the New Financial Services Agreement as set out above, we are of the view that the terms of the Credit Services and the Deposit Services under the Financial Services Agreement (including the Proposed Credit Caps and the Proposed Deposit Caps) are fair and reasonable.

**Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values/maximum values of sale and purchase of materials (income and expenditure) transactions, engineering construction (income) transactions, the Credit Services and the Deposit Services must be restricted by the relevant annual caps; (ii) the terms of the sale and purchase of materials (income and expenditure) transactions, engineering construction (income) transactions, the Credit Services and the Deposit Services must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the sale and purchase of materials (income and expenditure) transactions, engineering construction (income) transactions, the Credit Services and the Deposit Services must be included in the Company's subsequent published annual report.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the sale and purchase of materials (income and expenditure) transactions, engineering construction (income) transactions, the Credit Services and the Deposit Services: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the proposed annual caps.

In the event that the total/maximum amounts of the sale and purchase of materials (income and expenditure) transactions, engineering construction (income) transactions, the Credit Services or the Deposit Services are anticipated to exceed their respective proposed annual caps, or that there is any proposed material amendment to the terms of the sale and purchase of materials (income and expenditure) transactions, engineering construction (income) transactions, the Credit Services or the Deposit Services, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the sale and purchase of materials (income and expenditure) transactions, engineering construction (income) transactions, the Credit Services and the Deposit Services and thus the interest of the Independent Shareholders would be safeguarded.



**RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the annual general meeting to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

\* *for identification purposes only*

**PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF METALLURGICAL CORPORATION OF CHINA LTD.  
FOR THE YEAR 2023  
(Zhou Jichang)**

Dear shareholders and shareholders' representatives:

As an independent Directors of the third session of the Board of Metallurgical Corporation of China Ltd. ("MCC" or the "Company"), I exercised my powers and functions independently, fairly and responsibly in strict compliance with the relevant laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Rules for Independent Directors of Listed Companies, as well as the rules and regulations including the Articles of Association of Metallurgical Corporation of China Ltd. and the Rules for the Work of Independent Directors of Metallurgical Corporation of China Ltd., effectively protecting the interests of the Company as a whole and safeguarding the legitimate rights of all shareholders, especially minority shareholders. The major work I performed during 2023 is summarized as follows:

**I. PERSONAL INFORMATION**

**(I) Personal work experience, professional background and part-time jobs**

I am Zhou Jichang, presently an independent non-executive director of MCC, a member of the Finance and Audit Committee, Nomination Committee and Remuneration and Appraisal Committee under MCC's Board of Directors, and the convener of the Nomination Committee.

I am also a non-executive director of Freetech Road Recycling Technology (Holdings) Company Limited, an independent non-executive director of Zhejiang Transportation Technology Co., Ltd., and the honorary chairman of China Highway Construction Association and the director of its expert committee.

Work experience: From January 1977 to May 1992, I successively served as the technician, engineer, deputy director of the Bridge Design Division, director of the Personnel Division, and deputy president of the First Highway Consultants Co., Ltd. under the former Ministry of Transport; from May 1992 to November 1997, I successively served as the vice chairman, deputy general manager, chairman and general manager of China Road & Bridge Construction Corp.; from November 1997 to August 2005, I served as the chairman, president and Party committee secretary of China Road & Bridge Corporation; from August 2005 to April 2013, I served as the chairman, general manager and Party committee deputy secretary of China Communications Construction Group Co., Ltd. and chairman and Party committee secretary of China Communications Construction Company Limited.

**(II) Independence**

I self-examined my independence as an independent director, with details listed below:

1. My spouse, parents and children, members of my major social network and I do not hold office in the Company or its subsidiaries;
2. I do not hold over 1% of the Company's issued shares directly or indirectly, nor am one of the Company's top 10 shareholders or the spouse, parent or child of any of them;
3. My spouse, parents and children and I do not hold office in any of the shareholder entities holding over 5% of the Company's issued shares directly or indirectly or any of the Company's top 5 shareholder entities;
4. My spouse, parents and children and I do not hold office in any of the Company's controlling shareholders, de facto controllers or their subsidiaries;
5. I do not provide financial, legal, consulting or sponsorship services to the Company, or any of its controlling shareholders, de facto controllers or their respective subsidiaries;
6. I do not have any significant business connections to the Company, or any of its controlling shareholders, de facto controllers or their respective subsidiaries, or hold office in any of the organizations having any significant business connections to the Company or their controlling shareholders or de facto controllers;
7. I have not been involved in the circumstances listed in the above six items over the past 12 months; nor have I obtained any additional or undisclosed benefits from the Company or any of its substantial shareholders or interested entities or employees.

So, I am independent, meeting the requirements specified in the Rules for Independent Directors of Listed Companies for independent directors, as well as the requirements specified in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Stock Exchange for independent non-executive directors.

**II. PERFORMANCE IN 2023****(I) Onsite work at the listed company**

In 2023, I performed my duty diligently and responsibly through attending meetings of the Board of Directors, meetings of the special committees of the Board of Directors, conducting field investigations of the Company's key subsidiaries and key projects, regularly communicating with the Company's auditors, and reading materials about the Company's operations, working at the Company for far more than 15 days. I leveraged on my expertise and provided constructive opinions for the Company's development and standardised operation, actively and effectively performing my duty as an independent director, and contributing to the scientific decision-making by the Board of Directors.

**(II) Presence at meetings of the Board of Directors**

In 2023, the Company convened 10 meetings of the Board of Directors, including 5 held offline (including offline meetings also livestreamed online), and 5 online. The meetings reviewed 104 proposals and reports, and passed 93 resolutions.

I attended all the 10 meetings of the Board of Directors in person, including 5 attended on site and 5 in writing. Before the meetings, I carefully read the documents, raised issues worth attention in a timely manner, and communicated with the Company's management or relevant departments for more information. At the meetings, I carefully reviewed each proposal, took active part in discussions and offered suggestions, and aired my independent views on each decision made by the Board of Directors. In 2023, I independently exercised voting rights for 93 proposals, ensuring the independence of the decisions made by the Company's Board of Directors. My votes in 2023 included 93 consents, 0 objection and 0 waiver.

**(III) Presence at shareholders' meetings and communication with minority shareholders**

On 26 June 2023, the Company convened the 2022 annual shareholders' meeting, which reviewed and approved 12 proposals including the Proposal about the 2022 Report on the Work of the Board of Directors of MCC. I attended the meeting in person, and communicated with minority shareholders.

**(IV) Presence at the special committees of the Board of Directors**

In 2023, the special committees of the third session of the Board of MCC convened 11 meetings in total, which reviewed 42 proposals. Specifically, the Strategy Committee held 1 meeting, which reviewed 2 proposals; the Finance and Audit Committee held 6 meetings, which reviewed 33 proposals; the Remuneration and Appraisal Committee held 2 meetings, which reviewed 2 proposals; the Sustainable Development Committee held 2 meetings, which reviewed 5 proposals.

As a member of the Finance and Audit Committee, Nomination Committee and Remuneration and Appraisal Committee, in 2023, I attended 8 meetings of the special committees of the Board. During the process, leveraging on my expertise, management experience and work experience, and observing the professional ethics of diligence and dedication, I provided professional opinions and constructive suggestions on the appointment of auditors, audit of the Company's annual financial reports, the Company's key financial indicators and financial reports, implementation of the internal control system, and assessment of senior management performance and distribution of remuneration, offering reference for the Board to make decisions and ensuring the Board's decisions to be objective, fair and scientific.

**(V) Exercising my powers and functions as an independent director*****1. Carefully reviewing important matters and cautiously airing independent opinions***

In 2023, I carefully reviewed the proposals submitted to the Board for decisions, and provided independent opinions or issued statements in accordance with relevant laws and regulations on the important matters that deserved special attention from independent directors. The matters included the raising of funds to temporarily replenish working capital, the 2023 plan for the foreign exchange hedging business, the provision for the impairment of assets in 2022, profit distribution for 2022, appointment of the audit agency, remuneration for directors and supervisors in 2022, upper limits for the amounts of related party transactions, explanation about guarantee in 2022 and the guarantee plan for 2023, issuance of preferred shares to specific targets, and revision to the Company's Articles of Association.

Personally, I consider the decisions on the said matters and the voting procedures were consistent with the Company's Articles of Association, and compliant with laws and regulations, without any infringement upon the interests of the Company or its shareholders.

**2. *Actively conducting field investigations to learn more about the Company's operations***

In 2023, as an independent director of the Company, I participated in 2 director investigations themed “reinforcing the foundation, improving management and focusing on high-quality development”: In May 2023, I joined the collective investigations of the Company’s subsidiaries, including Shanghai Baoye, MCC Baosteel, MCC Steel Structure and MCC20, in Shanghai, and visited some of the key projects launched in Shanghai; in November 2023, I participated in the annual overseas investigations in Papua New Guinea and Singapore.

In the investigations, I learned the details about the entities’ production and operation, market expansion, and implementation of the Board’s decisions, and acquired more information about the Company’s production, operation, reform and development, which enabled me to provide stronger support for the Board’s future decisions. Also, in combination of national policies, industrial trends and the Company’s development, I offered opinions and suggestions for the investigated entities to drive their high-quality development.

**(VI) *Communicating with the audit agency on the Company's financial and business conditions***

For the important matters attracting attention of regulators and the market, I gave reasonable suggestions on the key contents that needed disclosing during the review by the Board. During the preparation of the annual report, I closely followed the annual auditing and annual report preparation process, communicated with the Company’s management in a timely manner on audit opinions and the focuses of audit, and offered professional opinions through rounds of effective communication with auditors before and after the process.

**(VII) *The listed company's support for independent directors***

In 2023, the Company’s Board vigorously expanded the channels of communication, advanced the improvement of the mechanism for information sharing, and ensured every director to acquire true and reliable information in a timely, comprehensive and complete manner, providing support for independent directors to effectively perform their duties and play their due role.

During the operation of the Board, the Company clearly defined the responsibility of each department and subsidiary to create an enabling environment for independent directors to perform duties. The Company regularly sent information about its production and operation to each independent director. The Company fully respected, carefully listened to, modestly accepted and vigorously implemented the suggestions and opinions raised by independent directors about the Company’s production, operation, reform and development, to drive the smooth progress of various work across the Company.

The Company attached great importance to the role of the special committees of the Board in assisting in decision-making. Before important matters related to strategic control, major investment and financing, financial budgets and final accounts, audit and internal control, and management assessment and remuneration are reviewed, the special committees of the Board conducted adequate research and developed special opinions, which were provided by conveners of various special committees at the Board's meetings. This gave full play to the role of the special committees in discussing and advising on matters, and made the decisions of the Board more scientific.

### **III. MATTERS FOCUSED ON IN 2023 DURING THE PERFORMANCE OF DUTY**

In 2023, I performed my obligations as an independent director diligently, responsibly and faithfully. Besides attending meetings in time and learning about the Company's business updates in a comprehensive and timely manner, I also focused on the supervision over the matters involving potential significant interest conflicts between the listed company and its controlling shareholders, de facto controllers, directors or senior management members, and, as appropriate, conducted special investigations of the Company's production and operation, financial management, building of the internal control system, use of raised funds, related party transactions and daily operation, heard special reports by relevant persons, acquired the information and materials needed for decision-making, and gave prompts about possible risks. Details are listed below:

#### **(I) Related party transactions that should be disclosed**

During the Reporting Period, I conducted advance reviews of all the matters involving related party transactions, and provided independent opinions, considering the decision-making and voting procedures for the related party transactions were consistent with applicable laws, regulations and the Company's Articles of Association; all the parties involved in the transactions observed market rules, signed agreements in the principle of voluntariness, equality and mutual benefits, and enjoyed rights and performed obligations as agreed, involving no situation in which the interests of the Company or its non-related shareholders, especially minority shareholders, were undermined, and the Company didn't develop any reliance on its related parties due to such transactions.

**(II) The plan of the listed company or its related parties to change or waive commitments**

I paid due attention to the commitments made by the Company's controlling shareholder CMGC and indirect controlling shareholder China Minmetals Corporation about avoiding peer competition, reducing repetitive business, issuing bonds and raising funds. During the Reporting Period, all the said commitments about addressing and avoiding peer competition were strictly fulfilled; the use of all the funds raised through the issuance of bonds was consistent with the purpose, use plan and other provisions specified in the prospectus; operation of the accounts for the funds raised was standard, and the internal review and approval procedures were completed for the withdrawal and use of each batch of funds.

**(III) The decisions made and measures taken by the Board of the acquired listed company about the acquisition**

No relevant matters were involved in the year.

**(IV) Disclosure of financial reports, the financial information in regular reports and internal control assessment reports**

According to the Board, the Company has maintained effective internal control over financial reports in all major aspects as required by the internal control standards and relevant provisions for enterprises, and the Company's existing internal control system is aligned with the Company's reality, complete and operating effectively. The Company has disclosed financial reports, the financial information in regular reports and internal control assessment reports as required, with relevant decision-making and disclosure procedures compliant with laws and regulations.

**(V) Appointment and dismissal of the accounting firms auditing the listed company**

I participated in the work related to the renewed appointment of the Company's financial report and internal control audit agency, and reviewed Ernst & Young Hua Ming LLP (Special General Partnership) ("**Ernst & Young Hua Ming**") to be appointed in terms of its business qualification, investor protection capacity, credibility records and independence. I considered that Ernst & Young Hua Ming is qualified for the securities business, is experienced, professional, independent and credible enough to audit the listed company, and meets the Company's requirements for the audit work. The appointment procedures are consistent with applicable laws, regulations, and the Company's Articles of Association, having not infringed upon the interests of the Company or its shareholders. So, I agreed to renew the appointment of Ernst & Young Hua Ming as the Company's main audit agency for financial reports and audit agency for internal control in 2023.



**(VI) Appointment and dismissal of the financial head of the listed company**

No relevant matters were involved in the year.

**(VII) Changes to accounting policies, accounting estimates or major accounting errors for reasons other than changes to accounting standards**

No relevant matters were involved in the year.

**(VIII) Nomination or appointment/dismissal of directors, appointment or dismissal of senior management members**

No relevant matters were involved in the year.

**(IX) Remuneration for directors and senior management members**

According to relevant regulatory provisions, I reviewed the remuneration of directors and senior management members, considering that the remuneration of directors in 2023 was approved and paid in strict accordance with relevant regulations of the Board of the Company; the disclosed remuneration information was filled in accordance with the requirements on H-share annual reports, and the remuneration data was true.

**IV. OVERALL ASSESSMENTS AND SUGGESTIONS**

As an independent director of the Company, I performed my duty diligently, independently and cautiously, following the basic principle of protecting the interests of the Company and its minority shareholders. In 2024, I will learn more about the Company's production and operation, perform my duty as cautiously, earnestly, diligently and faithfully as ever in accordance with applicable laws and regulations as well as the rules and requirements about independent directors, and leverage my expertise and experience to provide reference opinions for the Board's decision-making and reasonable suggestions for the Company's development. Meanwhile, I will work to advance the Company's solid and standardised operation, push the Company to constantly improve operating quality, and effectively safeguard the legitimate rights of the Company and its shareholders.

Report is hereby given.

*Independent non-executive Director:*  
**Zhou Jichang**

25 June 2024

**PERFORMANCE REPORT OF THE INDEPENDENT DIRECTORS OF  
METALLURGICAL CORPORATION OF CHINA LTD. FOR THE YEAR 2023**

**(Liu Li)**

Dear shareholders and shareholders' representatives:

As an independent Directors of the third session of the Board of Metallurgical Corporation of China Ltd. ("MCC" or the "Company"), I exercised my powers and functions independently, fairly and responsibly in strict compliance with the relevant laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Rules for Independent Directors of Listed Companies, as well as the rules and regulations including the Articles of Association of Metallurgical Corporation of China Ltd. and the Rules for the Work of Independent Directors of Metallurgical Corporation of China Ltd., effectively protecting the interests of the Company as a whole and safeguarding the legitimate rights of all shareholders, especially minority shareholders. The major work I performed during 2023 is summarized as follows:

**I. PERSONAL INFORMATION**

**(I) Personal work experience, professional background and part-time jobs**

I am Liu Li, presently an independent non-executive director of MCC, a member of the Finance and Audit Committee, Nomination Committee and Remuneration and Appraisal Committee under MCC's Board of Directors, and the convener of the Remuneration and Appraisal Committee of MCC.

Currently, I am also professor of the Guanghua School of Management of Peking University, and the external supervisor of China CINDA Asset Management Co., Ltd.

Work experience: From September 1984 to December 1985, I taught at Beijing Institute of Iron and Steel Technology; in January 1986, I began to taught at Guanghua School of Management and its predecessor Department of Economic Management of the School of Economics under Peking University. I once served as an independent non-executive director of listed companies including the Bank of Communications Co., Ltd., China Machinery Engineering Corporation, Zhongyuan Special Steel Co., Ltd., CNPC Capital Company Limited and China International Capital Corporation Limited. I was once an external director of Metallurgical Corporation of China Ltd. from December 2006 to September 2008, and an independent non-executive director of MCC from November 2008 to November 2014.

**(II) Independence**

I self-examined my independence as an independent director, with details listed below:

1. My spouse, parents and children, members of my major social network and I do not hold office in the Company or its subsidiaries;
2. I do not hold over 1% of the Company's issued shares directly or indirectly, nor am one of the Company's top 10 shareholders or the spouse, parent or child of any of them;
3. My spouse, parents and children and I do not hold office in any of the shareholder entities holding over 5% of the Company's issued shares directly or indirectly or any of the Company's top 5 shareholder entities;
4. My spouse, parents and children and I do not hold office in any of the Company's controlling shareholders, de facto controllers or their subsidiaries;
5. I do not provide financial, legal, consulting or sponsorship services to the Company, or any of its controlling shareholders, de facto controllers or their respective subsidiaries;
6. I do not have any significant business connections to the Company, or any of its controlling shareholders, de facto controllers or their respective subsidiaries, or hold office in any of the organizations having any significant business connections to the Company or their controlling shareholders or de facto controllers;
7. I have not been involved in the circumstances listed in the above six items over the past 12 months; nor have I obtained any additional or undisclosed benefits from the Company or any of its substantial shareholders or interested entities or employees.

So, I am independent, meeting the requirements specified in the Rules for Independent Directors of Listed Companies for independent directors, as well as the requirements specified in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Stock Exchange for independent non-executive directors.

**II. PERFORMANCE IN 2023****(I) Onsite work at the listed company**

In 2023, I performed my duty diligently and responsibly through attending meetings of the Board of Directors, meetings of the special committees of the Board of Directors, conducting field investigations of the Company's key subsidiaries and key projects, regularly communicating with the Company's auditors, and reading materials about the Company's operations, working at the Company for far more than 15 days. I leveraged on my expertise and provided constructive opinions for the Company's development and standardised operation, actively and effectively performing my duty as an independent director, and contributing to the scientific decision-making by the Board of Directors.

**(II) Presence at meetings of the Board of Directors**

In 2023, the Company convened 10 meetings of the Board of Directors, including 5 held offline (including offline meetings also livestreamed online), and 5 online. The meetings reviewed 104 proposals and reports, and passed 93 resolutions.

I attended all the 10 meetings of the Board of Directors in person, including 5 attended on site and 5 in writing. Before the meetings, I carefully read the documents, raised issues worth attention in a timely manner, and communicated with the Company's management or relevant departments for more information. At the meetings, I carefully reviewed each proposal, took active part in discussions and offered suggestions, and aired my independent views on each decision made by the Board of Directors. In 2023, I independently exercised voting rights for 93 proposals, ensuring the independence of the decisions made by the Company's Board of Directors. My votes in 2023 included 93 consents, 0 objection and 0 waiver.

**(III) Presence at the special committees of the Board of Directors**

In 2023, the special committees of the third session of the Board of MCC convened 11 meetings in total, which reviewed 42 proposals. Specifically, the Strategy Committee held 1 meeting, which reviewed 2 proposals; the Finance and Audit Committee held 6 meetings, which reviewed 33 proposals; the Remuneration and Appraisal Committee held 2 meetings, which reviewed 2 proposals; the Sustainable Development Committee held 2 meetings, which reviewed 5 proposals.

As a member of the Finance and Audit Committee, Nomination Committee and Remuneration and Appraisal Committee, in 2023, I attended 8 meetings of the special committees of the Board. During the process, leveraging on my expertise, management experience and work experience, and observing the professional ethics of diligence and dedication, I provided professional opinions and constructive suggestions on the appointment of auditors, audit of the Company's annual financial reports, the Company's key financial indicators and financial reports, implementation of the internal control system, and assessment of senior management performance and distribution of remuneration, offering reference for the Board to make decisions and ensuring the Board's decisions to be objective, fair and scientific.

**(IV) Exercising my powers and functions as an independent director**

***1. Carefully reviewing important matters and cautiously airing independent opinions***

In 2023, I carefully reviewed the proposals submitted to the Board for decisions, and provided independent opinions or issued statements in accordance with relevant laws and regulations on the important matters that deserved special attention from independent directors. The matters included the raising of funds to temporarily supplement working capital, the 2023 plan for the foreign exchange hedging business, the provision for the impairment of assets in 2022, profit distribution for 2022, appointment of the audit agency, remuneration for directors and supervisors in 2022, upper limits for the amounts of related party transactions, explanation about guarantee in 2022 and the guarantee plan for 2023, issuance of preferred shares to specific targets, and revision to the Company's Articles of Association.

Personally, I consider the decisions on the said matters and the voting procedures were consistent with the Company's Articles of Association, and compliant with laws and regulations, without any infringement upon the interests of the Company or its shareholders.

**2. *Actively conducting field investigations to learn more about the Company's operations***

In 2023, as an independent director of the Company, I participated in 3 director investigations themed “reinforcing the foundation, improving management and focusing on high-quality development”. In April 2023, I joined the investigations of the Company’s subsidiaries, including MCC22 and MCC New Energy, in Tangshan, and visited some of the projects launched in Tangshan; in May 2023, I joined the collective investigations of the Company’s subsidiaries, including Shanghai Baoye, MCC Baosteel, MCC Steel Structure and MCC20, in Shanghai, and visited some of the key projects launched in Shanghai; in November 2023, I participated in the annual overseas investigations in Papua New Guinea and Singapore.

In the investigations, I learned the details about the entities’ production and operation, market expansion, and implementation of the Board’s decisions, and acquired more information about the Company’s production, operation, reform and development, which enabled me to provide stronger support for the Board’s future decisions. Also, in combination of national policies, industrial trends and the Company’s development, I offered opinions and suggestions for the investigated entities to drive their high-quality development.

**(V) *Communicating with the audit agency on the Company's financial and business conditions***

For the important matters attracting attention of regulators and the market, I gave reasonable suggestions on the key contents that needed disclosing during the review by the Board. During the preparation of the annual report, I closely followed the annual auditing and annual report preparation process, communicated with the Company’s management in a timely manner on audit opinions and the focuses of audit, and offered professional opinions through rounds of effective communication with auditors before and after the process.

**(VI) *Communicating with minority shareholders***

In August 2023, I attended the Company’s interim results briefing session, and communicated with minority shareholders face-to-face at the meeting, through which I fully understood their opinions and suggestions about the Company’s operation. This offered me fresh inspirations about how to improve my performance of duty as an independent director.

**(VII) The listed company's support for independent directors**

In 2023, the Company's Board vigorously expanded the channels of communication, advanced the improvement of the mechanism for information sharing, and ensured every director to acquire true and reliable information in a timely, comprehensive and complete manner, providing support for independent directors to effectively perform their duties and play their due role.

During the operation of the Board, the Company clearly defined the responsibility of each department and subsidiary to create an enabling environment for independent directors to perform duties. The Company regularly sent information about its production and operation to each independent director. The Company fully respected, carefully listened to, modestly accepted and vigorously implemented the suggestions and opinions raised by independent directors about the Company's production, operation, reform and development, to drive the smooth progress of various work across the Company.

The Company attached great importance to the role of the special committees of the Board in assisting in decision-making. Before important matters related to strategic control, major investment and financing, financial budgets and final accounts, audit and internal control, and management assessment and remuneration are reviewed, the special committees of the Board conducted adequate research and developed special opinions, which were provided by conveners of various special committees at the Board's meetings. This gave full play to the role of the special committees in discussing and advising on matters, and made the decisions of the Board more scientific.

**III. MATTERS FOCUSED ON IN 2023 DURING THE PERFORMANCE OF DUTY**

In 2023, I performed my obligations as an independent director diligently, responsibly and faithfully. Besides attending meetings in time and learning about the Company's business updates in a comprehensive and timely manner, I also focused on the supervision over the matters involving potential significant interest conflicts between the listed company and its controlling shareholders, de facto controllers, directors or senior management members, and, as appropriate, conducted special investigations of the Company's production and operation, financial management, building of the internal control system, use of raised funds, related party transactions and daily operation, heard special reports by relevant persons, acquired the information and materials needed for decision-making, and gave prompts about possible risks. Details are listed below:

**(I) Related party transactions that should be disclosed**

During the Reporting Period, I conducted advance reviews of all the matters involving related party transactions, and provided independent opinions, considering the decision-making

and voting procedures for the related party transactions were consistent with applicable laws, regulations and the Company's Articles of Association; all the parties involved in the transactions observed market rules, signed agreements in the principle of voluntariness, equality and mutual benefits, and enjoyed rights and performed obligations as agreed, involving no situation in which the interests of the Company or its non-related shareholders, especially minority shareholders, were undermined, and the Company didn't develop any reliance on its related parties due to such transactions.

**(II) The plan of the listed company or its related parties to change or waive commitments**

I paid due attention to the commitments made by the Company's controlling shareholder CMGC and indirect controlling shareholder China Minmetals Corporation about avoiding peer competition, reducing repetitive business, issuing bonds and raising funds. During the Reporting Period, all the said commitments about addressing and avoiding peer competition were strictly fulfilled; the use of all the funds raised through the issuance of bonds was consistent with the purpose, use plan and other provisions specified in the prospectus; operation of the accounts for the funds raised was standard, and the internal review and approval procedures were completed for the withdrawal and use of each batch of funds.

**(III) The decisions made and measures taken by the Board of the acquired listed company about the acquisition**

No relevant matters were involved in the year.

**(IV) Disclosure of financial reports, the financial information in regular reports and internal control assessment reports**

According to the Board, the Company has maintained effective internal control over financial reports in all major aspects as required by the internal control standards and relevant provisions for enterprises, and the Company's existing internal control system is aligned with the Company's reality, complete and operating effectively. The Company has disclosed financial reports, the financial information in regular reports and internal control assessment reports as required, with relevant decision-making and disclosure procedures compliant with laws and regulations.



**(V) Appointment and dismissal of the accounting firms auditing the listed company**

I participated in the work related to the renewed appointment of the Company's financial report and internal control audit agency, and reviewed Ernst & Young Hua Ming LLP (Special General Partnership) ("**Ernst & Young Hua Ming**") to be appointed in terms of its business qualification, investor protection capacity, credibility records and independence. I considered that Ernst & Young Hua Ming is qualified for the securities business, is experienced, professional, independent and credible enough to audit the listed company, and meets the Company's requirements for the audit work. The appointment procedures are consistent with applicable laws, regulations, and the Company's Articles of Association, having not infringed upon the interests of the Company or its shareholders. So, I agreed to renew the appointment of Ernst & Young Hua Ming as the Company's main audit agency for financial reports and audit agency for internal control in 2023.

**(VI) Appointment and dismissal of the financial head of the listed company**

No relevant matters were involved in the year.

**(VII) Changes to accounting policies, accounting estimates or major accounting errors for reasons other than changes to accounting standards**

No relevant matters were involved in the year.

**(VIII) Nomination or appointment/dismissal of directors, appointment or dismissal of senior management members**

No relevant matters were involved in the year.

**(IX) Remuneration for directors and senior management members**

According to relevant regulatory provisions, I reviewed the remuneration of directors and senior management members, considering that the remuneration of directors in 2023 was approved and paid in strict accordance with relevant regulations of the Board of the Company; the disclosed remuneration information was filled in accordance with the requirements on H share annual reports, and the remuneration data was true.

**IV. OVERALL ASSESSMENTS AND SUGGESTIONS**

As an independent director of the Company, I performed my duty diligently, independently and cautiously, following the basic principle of protecting the interests of the Company and its minority shareholders. In 2024, I will learn more about the Company's production and operation, perform my duty as cautiously, earnestly, diligently and faithfully as ever in accordance with applicable laws and regulations as well as the rules and requirements about independent directors, and leverage my expertise and experience to provide reference opinions for the Board's decision-making and reasonable suggestions for the Company's development. Meanwhile, I will work to advance the Company's solid and standardised operation, push the Company to constantly improve operating quality, and effectively safeguard the legitimate rights of the Company and its shareholders.

Report is hereby given.

*Independent non-executive Director:*

**Liu Li**

25 June 2024

**PERFORMANCE REPORT OF THE INDEPENDENT DIRECTORS OF  
METALLURGICAL CORPORATION OF CHINA LTD. FOR THE YEAR 2023  
(Ng, Kar Ling Johnny)**

Dear shareholders and shareholders' representatives:

As an independent Directors of the third session of the Board of Metallurgical Corporation of China Ltd. ("MCC" or the "Company"), I exercised my powers and functions independently, fairly and responsibly in strict compliance with the relevant laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Rules for Independent Directors of Listed Companies, as well as the rules and regulations including the Articles of Association of Metallurgical Corporation of China Ltd. and the Rules for the Work of Independent Directors of Metallurgical Corporation of China Ltd., effectively protecting the interests of the Company as a whole and safeguarding the legitimate rights of all shareholders, especially minority shareholders. The major work I performed during 2023 is summarized as follows:

**I. PERSONAL INFORMATION**

**(I) Personal work experience, professional background and part-time jobs**

I am Ng, Kar Ling Johnny, presently an independent non-executive director of MCC, a member of the Finance and Audit Committee and Sustainability Committee and also the convener of the Financial and Audit Committee of MCC.

Currently, I'm also an independent non-executive director of China Petrochemical Corporation and China Telecom Corporation Limited, and Vice Chairman of the 2nd Session of the Independent Director Committee of the China Association for Public Companies.

Work experience: I joined KPMG Hong Kong in 1984, became a co-partner in 1996, and later acted as the vice chairman of KPMG China. I'm presently a certified public accountant (CPA) of Hong Kong, a certified public auditor and accountant of Macao, a FCPA of HKICPA, a FCCA of ACCA, and a FCA of ICAEW.

**(II) Independence**

I self-examined my independence as an independent director, with details listed below:

1. My spouse, parents and children, members of my major social network and I do not hold office in the Company or its subsidiaries;

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## APPENDIX III PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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2. I do not hold over 1% of the Company's issued shares directly or indirectly, nor am one of the Company's top 10 shareholders or the spouse, parent or child of any of them;
3. My spouse, parents and children and I do not hold office in any of the shareholder entities holding over 5% of the Company's issued shares directly or indirectly or any of the Company's top 5 shareholder entities;
4. My spouse, parents and children and I do not hold office in any of the Company's controlling shareholders, de facto controllers or their subsidiaries;
5. I do not provide financial, legal, consulting or sponsorship services to the Company, or any of its controlling shareholders, de facto controllers or their respective subsidiaries;
6. I do not have any significant business connections to the Company, or any of its controlling shareholders, de facto controllers or their respective subsidiaries, or hold office in any of the organizations having any significant business connections to the Company or their controlling shareholders or de facto controllers;
7. I have not been involved in the circumstances listed in the above six items over the past 12 months; nor have I obtained any additional or undisclosed benefits from the Company or any of its substantial shareholders or interested entities or employees.

So, I am independent, meeting the requirements specified in the Rules for Independent Directors of Listed Companies for independent directors, as well as the requirements specified in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Stock Exchange for independent non-executive directors.

## II. PERFORMANCE IN 2023

### (I) Onsite work at the listed company

In 2023, I performed my duty diligently and responsibly through attending meetings of the Board of Directors, meetings of the special committees of the Board of Directors, conducting field investigations of the Company's key subsidiaries and key projects, regularly communicating with the Company's auditors, and reading materials about the Company's operations, working at the Company for far more than 15 days. I leveraged on my expertise and provided constructive opinions for the Company's development and standardised operation, actively and effectively performing my duty as an independent director, and contributing to the scientific decision-making by the Board of Directors.

**(II) Presence at meetings of the Board of Directors**

In 2023, the Company convened 10 meetings of the Board of Directors, including 5 held offline (including offline meetings also livestreamed online), and 5 online. The meetings reviewed 104 proposals and reports, and passed 93 resolutions.

I personally attended all 10 meetings of the Board of Directors, of which I attended 3 meetings in person, 2 meetings by video, and 5 meetings in writing. Before the meetings, I carefully read the documents, raised issues worth attention in a timely manner, and communicated with the Company's management or relevant departments for more information. At the meetings, I carefully reviewed each proposal, took active part in discussions and offered suggestions, and aired my independent views on each decision made by the Board of Directors. In 2023, I independently exercised voting rights for 93 proposals, ensuring the independence of the decisions made by the Company's Board of Directors. My votes in 2023 included 93 consents, 0 objection and 0 waiver.

**(III) Presence at the special committees of the Board of Directors**

In 2023, the special committees of the third session of the Board of MCC convened 11 meetings in total, which reviewed 42 proposals. Specifically, the Strategy Committee held 1 meeting, which reviewed 2 proposals; the Finance and Audit Committee held 6 meetings, which reviewed 33 proposals; the Remuneration and Appraisal Committee held 2 meetings, which reviewed 2 proposals; the Sustainable Development Committee held 2 meetings, which reviewed 5 proposals.

As a member of the Finance and Audit Committee and the Sustainability Committee, in 2023, I attended a total of eight meetings of the special committees, of which I presided over six meetings of the Finance and Audit Committee as the convener of the Finance and Audit Committee. In the course of attending meetings and performing duties, I provided professional opinions and constructive suggestions on the appointment of auditor, the audit of the Company's annual financial report, the Company's key financial indicators and financial reports, the implementation of the internal control system, and the performance appraisal and remuneration allocation of executives, etc., respectively based on my expertise, management experience and qualifications and in line with the professional ethics of diligence and dedication, which provided references for the Board of Directors in making its decisions and ensured the Board of Directors' decisions have been objective, fair and scientific.

**(IV) Exercising my powers and functions as an independent director****1. Carefully reviewing important matters and cautiously airing independent opinions**

In 2023, I carefully reviewed the proposals submitted to the Board for decisions, and provided independent opinions or issued statements in accordance with relevant laws and regulations on the important matters that deserved special attention from independent directors. The matters included the raising of funds to temporarily supplement working capital, the 2023 plan for the foreign exchange hedging business, the provision for the impairment of assets in 2022, profit distribution for 2022, appointment of the audit agency, remuneration for directors and supervisors in 2022, upper limits for the amounts of related party transactions, explanation about guarantee in 2022 and the guarantee plan for 2023, issuance of preferred shares to specific targets, and revision to the Company's Articles of Association.

Personally, I consider the decisions on the said matters and the voting procedures were consistent with the Company's Articles of Association, and compliant with laws and regulations, without any infringement upon the interests of the Company or its shareholders.

**2. Actively conducting field investigations to learn more about the Company's operations**

In 2023, as an independent director of the Company, I participated in 2 director investigations themed "reinforcing the foundation, improving management and focusing on high-quality development". In May 2023, I joined the collective investigations of the Company's subsidiaries, including Shanghai Baoye, MCC Baosteel, MCC Steel Structure and MCC20, in Shanghai, and visited some of the key projects launched in Shanghai; in November 2023, I participated in the annual overseas investigations in Papua New Guinea and Singapore.

In the investigations, I learned the details about the entities' production and operation, market expansion, and implementation of the Board's decisions, and acquired more information about the Company's production, operation, reform and development, which enabled me to provide stronger support for the Board's future decisions. Also, in combination of national policies, industrial trends and the Company's development, I offered opinions and suggestions for the investigated entities to drive their high-quality development.

**(V) Communicating with the audit agency on the Company's financial and business conditions**

For the important matters attracting attention of regulators and the market, I gave reasonable suggestions on the key contents that needed disclosing during the review by the Board. During the preparation of the annual report, I closely followed the annual auditing and annual report preparation process, communicated with the Company's management in a timely manner on audit opinions and the focuses of audit, and offered professional opinions through rounds of effective communication with auditors before and after the process.

**(VI) Communicating with minority shareholders**

In March 2023, I attended the Company's annual result presentation, and communicated with minority shareholders face-to-face at the meeting, through which I fully understood their opinions and suggestions about the Company's operation. This offered me fresh inspirations about how to improve my performance of duty as an independent director.

**(VII) The listed company's support for independent directors**

In 2023, the Company's Board vigorously expanded the channels of communication, advanced the improvement of the mechanism for information sharing, and ensured every director to acquire true and reliable information in a timely, comprehensive and complete manner, providing support for independent directors to effectively perform their duties and play their due role.

During the operation of the Board, the Company clearly defined the responsibility of each department and subsidiary to create an enabling environment for independent directors to perform duties. The Company regularly sent information about its production and operation to each independent director. The Company fully respected, carefully listened to, modestly accepted and vigorously implemented the suggestions and opinions raised by independent directors about the Company's production, operation, reform and development, to drive the smooth progress of various work across the Company.

The Company attached great importance to the role of the special committees of the Board in assisting in decision-making. Before important matters related to strategic control, major investment and financing, financial budgets and final accounts, audit and internal control, and management assessment and remuneration are reviewed, the special committees of the Board conducted adequate research and developed special opinions, which were provided by conveners of various special committees at the Board's meetings. This gave full play to the role of the special committees in discussing and advising on matters, and made the decisions of the Board more scientific.

**III. MATTERS FOCUSED ON IN 2023 DURING THE PERFORMANCE OF DUTY**

In 2023, I performed my obligations as an independent director diligently, responsibly and faithfully. Besides attending meetings in time and learning about the Company's business updates in a comprehensive and timely manner, I also focused on the supervision over the matters involving potential significant interest conflicts between the listed company and its controlling shareholders, de facto controllers, directors or senior management members, and, as appropriate, conducted special investigations of the Company's production and operation, financial management, building of the internal control system, use of raised funds, related party transactions and daily operation, heard special reports by relevant persons, acquired the information and materials needed for decision-making, and gave prompts about possible risks. Details are listed below:

**(I) Related party transactions that should be disclosed**

During the Reporting Period, I conducted advance reviews of all the matters involving related party transactions, and provided independent opinions, considering the decision-making and voting procedures for the related party transactions were consistent with applicable laws, regulations and the Company's Articles of Association; all the parties involved in the transactions observed market rules, signed agreements in the principle of voluntariness, equality and mutual benefits, and enjoyed rights and performed obligations as agreed, involving no situation in which the interests of the Company or its non-related shareholders, especially minority shareholders, were undermined, and the Company didn't develop any reliance on its related parties due to such transactions.

**(II) The plan of the listed company or its related parties to change or waive commitments**

I paid due attention to the commitments made by the Company's controlling shareholder CMGC and indirect controlling shareholder China Minmetals Corporation about avoiding peer competition, reducing repetitive business, issuing bonds and raising funds. During the Reporting Period, all the said commitments about addressing and avoiding peer competition were strictly fulfilled; the use of all the funds raised through the issuance of bonds was consistent with the purpose, use plan and other provisions specified in the prospectus; operation of the accounts for the funds raised was standard, and the internal review and approval procedures were completed for the withdrawal and use of each batch of funds.

**(III) The decisions made and measures taken by the Board of the acquired listed company about the acquisition**

No relevant matters were involved in the year.



**(IV) Disclosure of financial reports, the financial information in regular reports and internal control assessment reports**

According to the Board, the Company has maintained effective internal control over financial reports in all major aspects as required by the internal control standards and relevant provisions for enterprises, and the Company's existing internal control system is aligned with the Company's reality, complete and operating effectively. The Company has disclosed financial reports, the financial information in regular reports and internal control assessment reports as required, with relevant decision-making and disclosure procedures compliant with laws and regulations.

**(V) Appointment and dismissal of the accounting firms auditing the listed company**

I participated in the work related to the renewed appointment of the Company's financial report and internal control audit agency, and reviewed Ernst & Young Hua Ming LLP (Special General Partnership) ("**Ernst & Young Hua Ming**") to be appointed in terms of its business qualification, investor protection capacity, credibility records and independence. I considered that Ernst & Young Hua Ming is qualified for the securities business, is experienced, professional, independent and credible enough to audit the listed company, and meets the Company's requirements for the audit work. The appointment procedures are consistent with applicable laws, regulations, and the Company's Articles of Association, having not infringed upon the interests of the Company or its shareholders. So, I agreed to renew the appointment of Ernst & Young Hua Ming as the Company's main audit agency for financial reports and audit agency for internal control in 2023.

**(VI) Appointment and dismissal of the financial head of the listed company**

No relevant matters were involved in the year.

**(VII) Changes to accounting policies, accounting estimates or major accounting errors for reasons other than changes to accounting standards**

No relevant matters were involved in the year.

**(VIII) Nomination or appointment/dismissal of directors, appointment or dismissal of senior management members**

No relevant matters were involved in the year.

**(IX) Remuneration for directors and senior management members**

According to relevant regulatory provisions, I reviewed the remuneration of directors and senior management members, considering that the remuneration of directors in 2023 was approved and paid in strict accordance with relevant regulations of the Board of the Company; the disclosed remuneration information was filled in accordance with the requirements on H-share annual reports, and the remuneration data was true.

**IV. OVERALL ASSESSMENTS AND SUGGESTIONS**

As an independent director of the Company, I performed my duty diligently, independently and cautiously, following the basic principle of protecting the interests of the Company and its minority shareholders. In 2024, I will learn more about the Company's production and operation, perform my duty as cautiously, earnestly, diligently and faithfully as ever in accordance with applicable laws and regulations as well as the rules and requirements about independent directors, and leverage my expertise and experience to provide reference opinions for the Board's decision-making and reasonable suggestions for the Company's development. Meanwhile, I will work to advance the Company's solid and standardised operation, push the Company to constantly improve operating quality, and effectively safeguard the legitimate rights of the Company and its shareholders.

Report is hereby given.

*Independent non-executive Director:*

**Ng, Kar Ling Johnny**

25 June 2024

## WORK REPORT OF THE BOARD OF DIRECTORS OF METALLURGICAL CORPORATION OF CHINA LTD. FOR THE YEAR 2023

In 2023, confronted with severe and complex external challenges, the Company actively committed itself to serving the national strategy, the Company's strategy vision, the high-quality development and the Goals for "one building, two most, five strong", continuously optimized the "One Core, Two Main Bodies and Five Features" business system by deeply promoting the three-year action of basic management enhancement, moving forward to stabilize growth against pressure, tackling the difficulties to seek for breakthroughs, practicing internal skills and strengthening the management, with the main operating indicators maintaining a sound development trend. During the Reporting Period, resolutely implementing the major principle of two "consistent implementation principles", the Company comply strictly with the laws and regulations including the Company Law, the Securities Law, the relevant requirements of regulatory authorities such as the CSRC, as well as the relevant requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, constantly optimized the establishment and operation of governance system of the general meeting, the Board, the Supervisory Committee, as well as the management and its subsidiaries. As an important part of the corporate governance structure, following a strict positioning of the function of "making strategy, making decisions and preventing risks", the Board, the Party Committee, the Supervisory Committee and the management of the Company discharge their own duties under respective terms of reference, take full responsibility for their own responsibilities and communicate in a timely and effective manner, thus a regulatory mechanism for the coordination and efficient operation of all aspects of decision-making, management and supervision has been formed.

In the annual routine work, the Board and its subordinate special committees discharge their duties in strict compliance with the duties and work requirements as authorized by regulatory requirements, and carried out their work pursuant to the Company Law, regulatory rules of the listing place(s), Articles of Association, Rules of Procedures for General Meeting and the Board of Directors and other relevant requirements. For the purpose of maintaining and increasing the value of the state-owned assets and maximizing Shareholders' interests, the Company captures the development opportunity to target strategic layout to dedicate in reform and innovation, continues to strictly control the risks and facilitates the development principle of "seeking progress while maintaining stable" of the Company.

**I. OPERATING RESULTS OF THE COMPANY**

In the face of the complex domestic and international macroeconomic environment and the arduous and heavy operation and management tasks in 2023, the Company insisted on planning globally with strategic thinking and facing challenges with strategic determination, unified its thoughts and actions with the Party Central Committee's important judgment on the economic situation, calmly responded to changes in the world, the times, history, and the industry, and guided all employees to move forward under the Goals for "one building, two most, five strong (一創兩最五強)". The Company maintained a steady development trend of main business indicators. During the Reporting Period, the Company achieved operating revenue of RMB633.870 billion, a total profit of RMB13.765 billion, of which the net profit attributable to shareholders of the listed company was RMB8.670 billion. The value of newly signed contracts reached RMB1,424.779 billion. With excellent results, the Company has delivered a qualified answer to its Shareholders and investors, and shared the value achievements of steady development of the enterprise.

**(I) Engineering Contracting Business**

During the Reporting Period, operating revenue of the engineering contracting business amounted to RMB585,482 million, representing an increase of 9.33% from RMB535,515 million in 2022.

**1. Metallurgical Construction Business**

Metallurgical construction business is the "Core" of the "One Core, Two Main Bodies and Five Features" business system and the traditional core business of the Company. Being the founder of New China's metallurgical industry, the Company has a unique core technology advantage in metallurgical construction sector. In 2023, the Company will push forward the "181" key research plan in an orderly manner by expediting the R&D on core technologies in core process, green development and intelligent manufacturing, and continuing to solidify its leading position in the industry as a national team for metallurgical construction, thus to firmly lead the industry in green, low-carbon, intelligent and high-efficiency development. During the Reporting Period, the metallurgical construction business of the Company maintained its absolute leading position in the market, basically covering large-scale metallurgical construction projects in China, which fully displayed the leading strength as a national team, and further demonstrated the market position of the Company as the "best overall solution provider for metallurgical construction and operation with superior core strength".

In the domestic market, the Company successfully researched and developed the gas-based direct reduction ironmaking apparatus which has completely independent intellectual property rights during the Reporting Period, filling the domestic blank for direct reduction iron hot-loading and hot-feeding technology, and succeeded in the test run of hot test at the metallurgical test base in Shanxi Jincheng Steel. The Company independently designed and manufactured the only 5,600 millimeters thick plate rolling mill complete set of equipment worldwide, which was successfully provided to the Henan Angang Wide Thick Plate Project, thereby breaking the monopoly by the overseas suppliers. The Company won the bidding for the largest sintering project in the world – 720 m<sup>2</sup> Sintering Engineering Project for Baowu Xinyu Steel (寶武新余鋼鐵720m<sup>2</sup>燒結機工程項目). In the non-ferrous metal engineering sector, the Company has won the bidding for EPC Project of 0.6 Million Ton/year Metallurgy Project for Xinjiang Huoshaoyun Lead & Zinc Mine (新疆火燒雲鉛鋅礦60萬噸/年冶煉工程EPC項目) as the largest lead-zinc oxide ore smelting project worldwide in terms of annual output to date upon the completion of this project.

In the overseas market, the Company actively captured the window period for global iron and steel transformation, increased the pace of “going out”, achieving important breakthroughs in market development, with the successful signing of the 1.6 Million Ton Joint Steel Mill Project of Anwar Integrated Steel Mills Limited, Bangladesh (孟加拉國安瓦爾綜合鋼廠有限公司160萬噸聯合鋼廠項目), which, upon completion, will become a benchmark iron and steel greenfield project in the South Asian region. The Company has successfully signed the EPC Project for MMP Nickel Matte Refining in Indonesia (印尼MMP高冰鎳冶煉EPC項目), which has further solidified the leading position of the Company in global nickel laterite smelting industry, highlighting its core competitive advantages once again.

In 2023, the Company’s revenue from metallurgical construction business was RMB111,269 million, accounting for 19% of the total revenue of engineering contracting.

## 2. *Housing Construction and Infrastructure Construction Business*

In the past two years, revenue from housing construction and municipal infrastructure construction business accounted for more than 70% of the revenue of the Company, which are the two major businesses of the Company. Leveraging on the comprehensive advantages gained in the steel and metallurgical sectors, the Company has continued to increase its efforts in the investment and construction of housing and infrastructure. Focusing on excellent research, investigation, design and construction capabilities, the Company actively integrated into and served the national development strategy by centralizing its efforts in economic hotspots such as Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, the middle reaches of the Yangtze River and Chengdu-Chongqing urban cluster, and persistently gathering technical and construction strengths, achieving impressive results in housing and municipal infrastructure construction, with steady increase in the proportion of medium-and high-end projects. During the Reporting Period, in the Yangtze River Delta region, the Company won the bidding for the global flagship and first-in-China theme park project for Shanghai LEGOLAND Resort (上海樂高樂園度假區主題樂園項目), successfully realizing the “Grand Slam” of the top international theme park brands; in Central China, it contracted the largest single-furnace-size unit of domestic garbage incineration power generation project-the Project of Renewable Resources Power Generation Center of Circular Economy Park in Xinzhou District, Wuhan (武漢新洲循環經濟產業園再生資源發電中心項目); in the capital economic circle, it won the bidding for the Yanjiao Vehicle Base of Beijing Subway Line 22 and Shenwei Area Comprehensive Development Project (北京軌道交通22號綫燕郊車輛基地上蓋和神威片區綜合開發項目). In Xiongan New Area, it successfully signed the Guomao Center Project (國貿中心項目), the first urban commercial complex project in Xiongan; in Guangdong-Hong Kong-Macao Greater Bay Area, it successfully signed the project for the second phase of the Convention and Exhibition Center in Guangzhou Airport Central Business District (廣州空港中央商務區會展中心二期項目); in the old industrial base of Northeast China, it won the bidding for Shenyang Heping Bay Ecological Science and Innovation Demonstration Area Project (瀋陽和平灣生態科創示範區項目) and other ten-billion-dollar projects, thereby significantly enhancing its competitive strength in hotspot regions.

In the overseas markets, the Company has continued to exert strength in the market of the countries where “Belt and Road” is jointly constructed, winning the bidding for the Parliament Building Project in Guinea (幾內亞議會大廈項目), as well as signing a number of new contracts for high-end real estate projects, such as the Cambodia HUAN HAI BO LAI International Hotel (柬埔寨環海鉑萊國際酒店), which have further enhanced the influence of the Company in the overseas markets.

In 2023, the Company's revenue from housing construction engineering business was RMB343,346 million, accounting for 58.65% of the total revenue of engineering contracting; revenue from municipal infrastructure engineering business was RMB121,367 million, accounting for 20.73% of the total revenue of engineering contracting; revenue from other engineering business was RMB9,500 million, accounting for 1.62% of the total revenue of engineering contracting.

## **(II) Resources Development Business**

Mineral resource business is one of the most important featured businesses of the “One Core, Two Main Bodies and Five Features” business system and an important featured business of the Company. As one of the key resource enterprises identified by China, the Company is currently engaged in the resource development business, which mainly centers on the exploration, ore processing and smelting etc. for nickel, cobalt, copper, lead, zinc and other metal mineral resources, and most of the products produced, such as nickel and cobalt hydroxide, crude copper, zinc concentrates, lead concentrates, and so on, are transported back to China for sale to the downstream refining and processing customers in a stable manner.

In 2023, the Company firmly adhered to the development objective of “increases in resources, reserves, production, security and cost reduction”, and endeavored to improve the development and operation level regarding its mineral resources. On the one hand, the Company responded to the changes in the market environment in a positive and steady manner on the premise of ensuring zero accidents in terms of safety and environmental protection, and adhered to the operational policy that features “prompt digging with efficient sales based on best production for sales” to achieve outrun profitability, which the Company has achieved a net profit of RMB1.214 billion attributable to the Chinese party from the three mines in production; on the other hand, by focusing on exploration and prospecting and relying on internal synergy and guaranteed by external cooperation, the Company, taking “prospecting for minerals” as the principle, has continuously increased its investment in risk exploration and side-deep prospecting for minerals, which has made significant breakthroughs in mineral searching, revealing huge potential for finding minerals.

During the Reporting Period, the operating revenue of the Company's resource development business amounted to RMB6,816 million, representing a decrease of 23.12% from RMB8,866 million in 2022. Basic information on the significant mineral resources projects under development and operation of the Company during the Reporting Period is set out below:

**1. Papua New Guinea Ramu Nico Mine**

During the Reporting Period, the project was estimated to retain 1.26 million tons of nickel resources and 140,000 tons of cobalt resources. The project produced nickel hydroxide, which contained 33,604 tons of nickel and 3,072 tons of cobalt, with the annual average production rate was 103%. The project sold nickel hydroxide, which contained 34,122 tons of nickel and 3,086 tons of cobalt, achieving operating revenue of RMB3.875 billion and net profit attributable to the Chinese party of RMB1.027 billion.

**2. Pakistan Saindak Copper-Gold Mine**

During the Reporting Period, it was estimated to extract 1.84 million tons of copper resources under the project, and the project produced 17,042 tons of crude copper in the year, which completed 106% of the annual plan, sold 17,804 tons of crude copper, and realized operating revenue of RMB1.222 billion and net profit attributable to the Chinese party of RMB71 million. Meanwhile, the 2.75 million tons/year mining expansion project completed construction in 11 months and commenced production on 9 January 2024 after test run and trial production. It is expected that the actual ore volume to be extracted in 2024 will hit a new level, thus to ensure the full release of the smelting capacity designed for the initial 20,000 tons of crude copper per annum production.

**3. Pakistan Duddar Lead-Zinc Mine**

During the Reporting Period, it was estimated to extract 330,000 tons of lead resources and 690,000 tons of zinc resources under the project. The project accomplished 515,000 tons of mine output for the year, with an average production rate of 103%. The project produced lead concentrate ore containing 7,838 tons of lead and zinc concentrate ore containing 41,295 tons of zinc. The project sold lead concentrate ore containing 8,737 tons of lead and zinc concentrate ore containing 41,198 tons of zinc, achieving operating revenue of RMB603 million and net profit attributable to the Chinese party of RMB114 million.



**4. *Pakistan Saindak Copper Mine***

During the Reporting Period, the S1 mine section of the project has completed the detailed investigation report and exploration report, as well as the corresponding expert verification and the revision and improvement thereof within a short period of time, with accumulated exploration of 3.78 million tons of copper resources and an average copper grade of 0.302%. The Company will continue to carry out the exploration and prospecting at the deep side of the Pakistan Saindak Copper Mine Project, and scientifically carry out the feasibility study of project development.

**5. *Afghanistan Aynak Copper Mine***

During the Reporting Period, the project has initiated supplementary exploration in the West Mining Area in a bid to further improve the resource grade and increase the resources under the West Mining Area, and facilitates the copper resources of the project to grow further on the basis of 11.08 million tons. The Company is in the process of communicating and negotiating with the interim government of Afghanistan on the protection of cultural relics and the development plan for the project, and plans to accelerate the preliminary preparatory work such as feasibility studies and the construction of roads into the mine, and to actively create favorable conditions to improve the investment results of the project, so as to ensure that the project can be promoted with the interim government of Afghanistan as early as possible to make actual progress.

**6. *Sinosico New Silicon-based Materials Business Project***

The Company regards the production of new energy materials such as polysilicon as one of the strategic emerging businesses which the Company mainly cultivates and taps into. The subsidiary of the Company, China Silicon Corporation Ltd. (“**Sinosico**”), takes “serving the country in silicon industry” as its mission, gives full play to decades of experience and advantages in the field of polysilicon R&D and manufacturing, and is committed to following a continuous improvement path of self-innovation, industrial development, and optimization and upgrading, aiming to become a technological innovator in the polysilicon industry. Currently, Sinosico is implementing the transformation and upgrading project of electronic information materials, which is an “import substitution” project to fill the gaps of high-end silicon-based materials in China. The technology of this project is derived from the results obtained from major specialized projects undertaken by Sinosico, such as the National Industrial Base Enhancement Project (國家工業強基工程) and Zhengluoxin Independent Innovation Demonstration Zone (鄭洛新自主創新示範區), with a number of results identified to be at the international leading level and with broad

prospects for development. The main products include electronic-grade polysilicon, high-purity silicon tetrachloride, electronic-grade silicon tetrachloride, electronic-grade trichlorohydrosilicon, electronic-grade dichlorodihydrosilicon, electronic-grade hexachloroethylsilane, electronic-grade TEOS, as well as electronic specialty gases, precursor materials and other products. The Company will further practise the corporate mission of “assume national responsibility by fixing weaknesses in the industry”. By relying on the National Engineering Research Center for silicon-based material preparation technology, Sinosico will actively set up a composite innovation system of “independent innovation + cooperative development” to form three major product clusters, namely, zonal melting polysilicon, silicon-based electronic special gas and silicon-based functional materials, by accelerating the transformation and upgrading projects, improving the supporting capacity in the industry so as to strive to build an important innovation center and production base for electronic functional materials in China.

During the Reporting Period, Sinosico has produced an aggregate of 2,872 tons of polysilicon and sold 2,589 tons thereof, and produced and sold 14,142 tons of new silicon-based materials, with sales revenue amounting to RMB555 million (of which the sales of new products amounted to RMB230 million) and net profit amounting to RMB223 million. As of the end of the Reporting Period, the construction of the first batch of 9 products in the second phase of the project has commenced, and it is expected that all of them will be completed and put into production in the first quarter of 2024.

### **(III) Featured Businesses**

The Company regards technological innovation, process upgrading, and digital empowerment as the core elements for developing new productive forces, fully integrates into the national innovation system, strives to construct new business formats and models, actively deploys new fields and tracks, enhances the added value of its products and services, strengthens its ability to withstand market risks, and aims to create a second growth curve.

During the Reporting Period, the operating revenue of the Company’s featured business amounted to RMB31.98 billion, an increase of 0.16% from RMB31.93 billion in 2022.

**1. *Engineering consulting and technical services business***

In engineering consulting and technical services, the Company keeps on exerting its core advantages as high-end consulting leading + design innovation by focusing on the high-end service market, anchoring on the positioning of greening and intelligence represented by hydrometallurgy, digital intelligence, low-carbon development, and new-type energy storage to create industry benchmarks and a unique development path. Adhering to the whole process consulting to high-end, systematic and characteristic direction, the Company implanted ultimate energy efficiency, green low-carbon and intelligent manufacturing technologies into the project to build a new benchmark in the professional areas.

In particular, inspection and testing business, as an important featured business of the Company, is equipped with unique advantages in having qualifications, prominent professional characteristics, and high social recognition. Our qualification and capability in the field of inspection and testing cover various fields such as construction engineering, water conservancy, railway and highway transportation, petrochemical, electric power and coal energy, making us one of the most comprehensive and strongest inspection and testing companies in the civil engineering field in China. The Company has three national quality inspection platforms, including the National Industrial Building Quality and Safety Supervision and Inspection Center, the National Steel Structure Quality Supervision and Inspection Center, and the National Construction Steel Material Quality Supervision and Inspection Center, as well as a metallurgical environment monitoring center, with more than 6,000 testing parameters. Therefore, it successfully shaping the featured brands such as “MCC Consulting” and “MCC Inspection” etc.. During the Reporting Period, the Company contracted for a number of technical service projects such as cultural relics monitoring as well as monitoring equipment maintenance and manual inspection of the People’s Government of Beijing Municipality-Tiananmen Management Committee, building structure appraisal technology for post-disaster resumption and reconstruction project of Zhuozhou Sewage Treatment Plant, and security detection for post-earthquake buildings and structures of Hunutlu Thermal Power Plant in Turkey, as well as the inspection and evaluation projects of Beijing Rail Transit Line 22 and Changchun Rail Transit Lines 3, 5 and 7, and the engineering supervision projects such as Wuhan Rail Transit Line 11 and Nanchang Rail Transit Line 1, which have contributed to the solutions and wisdom of MCC for the major domestic and overseas projects and unexpected public events.

In 2023, the operating revenue of engineering consulting and technical services business amounted to RMB3,346 million, or 10.46% of total featured business revenue.

## **2. *Core equipment and steel structure business***

With the core equipment and steel structure business as the “solidified stabilizer” of the national team for metallurgical construction, the business of the Company, relying on multiple subordinate core manufacturing bases, mainly includes metallurgical equipment core manufacturing and assembly integration, and manufacturing business of components for ultra-high-rise, municipal, bridges, marine and other high-end steel structures, complex industrial steel structure, residential industrialization, prefabricated housing, etc..

The Company’s equipment manufacturing segment mainly include equipment manufacturing and steel structure business. The equipment manufacturing segment is mainly focused on metallurgical equipment. It has multiple core manufacturing bases including MCC CISDI Equipment Base, MCC Shaanxi Pressure Equipment Base, MCC Changtian Heavy Industry Base, and MCC WISDRI Equipment Base, with products widely used in international and domestic large steel engineering projects. The business closely keeps pace with layout adjustment and industrial upgrading of China’s steel industry. By adopting energy conservation and environmental protection, green manufacturing and smart manufacturing as breakthrough points, the Company gives full play to the three functions of core equipment base in respect of R&D pilot testing, core manufacturing and final assembly integration, so as to continuously facilitate the productization and industrialization of core technologies and realize high-end supply of core equipment. During the Reporting Period, the Company secured the project of the world’s thickest vertical-arc extra-thick slab caster, i.e., the EPC Contract for Longton Group’s electric furnace green technology reform of No. 6 extra-thick slab caster, won the bid for EPC Project of JISCO’s steelmaking and continuous casting and heavy slab, and also won the bid for the DANA Iron & Steel 1,380 six-roller mill project in UAE, the production equipment manufacturing project of Thyssen France, etc.; in addition, the 260-tonne electrically-driven iron ladle car branded with “MCC Heavy Machinery” designed and manufactured by MCC Baosteel Technology, a subsidiary of the Company, had completed the vehicle manufacturing and testing and was successfully launched, becoming a new case of green and low-carbon large logistics equipment manufacturing for metallurgy in China.

The Company has edited and co-edited almost all domestic steel structure national and industry standards, and holds the leading position in comprehensive technology of steel structures in China. During the Reporting Period, the Company firmly seized the market opportunities of urbanization construction to develop the united brand of “MCC Steel Structures” in response to the requirements of national fundamental construction for the development of steel structure business, and successfully contracted Metal Roofing Engineering for Science Hall Project of West (Chongqing) Science City (西部(重慶)科學城科學會堂項目金屬屋面工程), Cardiothoracic Disease Clinical Medical Center Project of Shanghai Chest Hospital (上海市胸科醫院心胸疾病臨床醫學中心項目), Metal Roofing in West Area of New China International Exhibition Center Phase II Project in Beijing (北京新國展二期項目西區金屬屋面) and other high-end steel structure projects.

In 2023, the core equipment and steel structure business generated an operating revenue of RMB15.15 billion, accounting for 47.37% of the total revenue of the featured business.

### **3. *Eco-environmental protection and operation business***

Relying on the brand advantage of “MCC” and the leading professional and technical advantages of the professional technology research institute, the Company kept focusing on the favorable opportunities for green and low-carbon development, continued to develop the field of eco-environmental protection and operation, and built up an environmental full industry chain including planning and consulting, R&D and design, investment and development, equipment manufacturing, engineering and construction, operation and management, investment and financing services, etc., with its scope of business covering sewage treatment, channel improvement, waste incineration, clean energy, soil treatment, mine rehabilitation, ecological city, beautiful countryside, and many other fields.

During the Reporting Period, the Company successfully signed contracts for construction and rainwater and sewage diversion improvement works BOT project of sewage treatment plant in southeast Qingzhou, EPC contract for ecological treatment of north Kunming Lake in Xi’an, EPC contract for wastewater treatment facilities for new photovoltaic energy industrial park project (phase I) in Jinghe New City, Xi’an, EPC contract for first wastewater treatment plant project in Jinghe New City, Xianyang.

In 2023, the eco-environmental protection and operation business generated an operating revenue of RMB13.485 billion, accounting for 42.17% of the total revenue of the featured business.

**(VI) Comprehensive Real Estate Business**

The Company is one of the first group of centralized enterprises identified by the SASAC as having real estate development as its principal business. In recent years, the Company has successfully created the “MCC Real Estate” brand with influence in the industry by constantly enhancing the core strength of its comprehensive real estate business based on the transformation and upgrading. During the Reporting Period, in order to actively cope with the risks of the real estate industry, on the one hand, the comprehensive real estate business of the Company continued to implement the decision-making and deployment of “adhering to prudent development by resolving the inventory risks”, and on the other hand, the Company has fully implemented the development concepts of “fast turnover, low cost, high quality and high profit” and control of grading and classification of “one policy for one project” to speed up development cycle. Meanwhile, the Company will conduct in-depth research and judgment on the supply and demand in the real estate market and the pattern of urbanization etc. on the major trending and structural changes, and clearly realize the opportunities and challenges facing the Company by taking the initiative in optimizing the operating mindset, focusing on the key areas for intensive cultivation, accelerating the transition to the new development pattern, and exploring the development path that combines development and operation, complements single and diversified operations, balances short-term and long-term development, matches up light assets with heavy assets, and integrates market means with policy advantages. The Company will also improve its power in product, service and brand, adapt to the attribute change from commodity to people’s livelihood in real estate development as soon as possible, balance the dual objectives of “safeguarding people’s livelihood” and “improving quality”, actively participate in safeguarding people’s livelihood and urban village revamping by leveraging the advantages of real estate as a central enterprise, and pursuing the quality development path with priority in benefits and moderation in scale.

During the Reporting Period, the Company adopted different policies according to the each category and each city, and continuously carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Circum-Bohai Sea Region are taken as core development areas with coverage nationwide. In 2023, the Company acquired 2 commercial housing projects with 2 land parcels in aggregate, covering a site area of 102,000 square meters and permissible gross floor area of 159,000 square meters. In 2023, the amount invested by the Company in real estate development was RMB11.286 billion, representing a year-on-year decrease of 61.02%; the construction area was 8.1052 million square meters, representing a year-on-year decrease of 10.92%; of which the new construction area was 1.5554 million square meters, representing a year-on-year decrease of 17.71%, while completed area was 1.1333 million square meters, representing a year-on-year decrease of 69.45%; contracted gross floor area sold amounted to 0.6307 million square meters, representing a year-on-year increase of 31.36% with contracted sales of RMB10.389 billion, representing a year-on-year increase of 11.35%.

During the Reporting Period, the Company's comprehensive real estate business generated an operating revenue of RMB16.519 billion, a decrease of 27.31% compared to the RMB22.727 billion in 2022.

## II. STANDARD OPERATING CONDITIONS OF THE BOARD OF DIRECTORS

### (I) Changes in the Membership of the Board of Directors

At the beginning of 2023, the members of the third session of the Board of the Company were Mr. Chen Jianguang, the chairman executive Director and, Mr. Zhang Mengxing, the executive Director and president, Mr. Zhou Jichang, the Independent Non-executive Director, Mr. Lang Jia, the Non-executive Director, Mr. Liu Li and Mr. Ng, Kar Ling Johnny, the Independent Non-executive Directors, and Mr. Yan Aizhong, the employee representative Director.

On 7 November 2023, the Board received a written resignation report from Mr. Zhang Mengxing, the executive Director and president. Mr. Zhang Mengxing resigned from his positions of executive Director, president, relevant positions of the special committees of the Board as he had reached the statutory retirement age. The members of the third session of the Board of the Company have been changed to: Mr. Chen Jianguang, the chairman and executive Director; Mr. Zhou Jichang, the Independent Non-executive Director; Mr. Lang Jia, the Non-executive Director; Mr. Liu Li, the Independent Non-executive Director; Mr. Ng, Kar Ling Johnny, the Independent Non-executive Director; and Mr. Yan Aizhong, the employee representative Director.

### (II) Improvement of the Corporate Governance System

During the Reporting Period, the Company deeply implemented the spirit of General Secretary Xi Jinping's important remarks on the reform and development of state-owned enterprises and Party building, and actively implemented the state-owned enterprise reform and the demands for enhancement. Based on the revision of the securities regulatory system, the governance systems, including the Articles of Association, the Procedural Rules of General Meeting, the Procedural Rules of the Board, the Work System for Independent Directors and the working rules for each special committee, were reorganized and revised to ensure the effective connection of the system documents. The corporate governance system has complied with the requirements of both state-owned regulatory authorities and securities regulatory authorities. Meanwhile, the Company has reasonably standardized authorization, stimulates endogenous power, continuously optimized the authorization system of the Board, improved decision-making mechanisms and decision-making processes at all levels, standardized core control matters and control methods for subsidiaries, and improved the level and efficiency of operation and management.

**(III) Meetings of the Board of Directors and Special Committees**

During the Reporting Period, the Board and its subordinate special committees discharged their duties in strict compliance with the duties and work requirements as authorized by regulatory requirements, and carried out their work pursuant to the Company Law, regulatory rules of the listing place(s), Articles of Association, Rules of Procedures for General Meeting and the Board of Directors and other relevant requirements. For the purpose of maintaining and increasing the value of the state-owned assets and maximizing Shareholders' interests, the Company followed the function of "making strategy, making decisions preventing risks", captured the development opportunity to target strategic layout to dedicate in reform and innovation, continued to strictly control the risks and facilitated the sustained, sound and high-quality development of the Company. During the Reporting Period, the Company convened 10 Board meetings in total, including 5 meetings held by way of on-site meeting (including a combination of on-site and communication conference) and 5 meetings held through communication conference. The Board considered proposals and heard reports with a total of 104 resolutions and passed 93 resolutions.

In 2023, the Board continued to play the complementary decision-making function and the professional procedural and advisory functions of each special committees. Before the professional issues are submitted to the Board for consideration, the relevant special committees will conduct thorough studies to form specific opinions to provide the Board with the basis for decision-making. The special committees held 11 meetings in total, at which 42 topics were discussed, among which, the Strategy Committee held 1 meeting, at which 2 issues were considered and discussed; the Finance and Audit Committee held 6 meetings, at which 33 issues were considered and discussed; Remuneration and Appraisal Committee held 2 meetings, at which 2 issues were studied and discussed; and Sustainable Development Committee held 2 meetings, at which 5 issues were studied and discussed.



**(IV) Attendance of Directors at Board Meetings and General Meetings**

Name of Director	Number of attendance at Board meetings required for the year	Attendance at Board Meetings			Number of absence	Attendance at General Meetings
		Number of meetings attended in person	Number of meetings attended via communication	Number of meetings attended by proxy		Number of general meetings attended
Chen Jianguang	10	10	5	0	0	2
Zhang Mengxing	8	7	3	1	0	0
Zhou Jichang	10	10	5	0	0	1
Lang Jia	10	10	5	0	0	0
Liu Li	10	10	5	0	0	0
Ng, Kar Ling						
Johnny	10	10	7	0	0	0
Yan Aizhong	10	10	5	0	0	0

**(V) Performance of Resolutions Passed at General Meetings by the Board**

In 2023, the Company held 2 general meetings. 25 resolutions were considered and approved at the meeting, including the work report of the Board, the final accounts, the profit distribution, the emoluments of Directors and Supervisors, the guarantee plan and issuance of Preference Shares; received the annual performance report of the independent non-executive Directors.

During the Reporting Period, with the goal of maintaining and increasing the value of state-owned assets and maximizing the interests of Shareholders, the Board of the Company earnestly implemented all the resolutions passed at general meetings in strict accordance with the resolutions passed at and authorization given by the general meetings.

**(VI) Information Disclosure and Investor Relations**

During the Reporting Period, the Company attached great importance to information disclosure, took the initiative to adapt to the reform of the registration system with information disclosure at its core, strictly complied with the lasted regulations and requirements of the listing rules of the place where its shares are listed, and conscientiously fulfilled its information disclosure obligations, while continuously innovating the content of the disclosure and the form of the disclosure, and all-around refinement and optimisation of

the process of disclosure of information, continuously improving the quality of information disclosure. In 2023, the Company disclosed a total of 289 announcements in both English and Chinese, including 118 announcements on the Shanghai Stock Exchange, 102 announcements in Chinese and 69 announcements in English on the Hong Kong Stock Exchange, covering matters such as performance and operating data, business development, investor relations activities, corporate governance, connected transactions, asset securitisation, external guarantees and dividend distributions, realising truthful, accurate, complete, timely and fair information disclosure. In 2023, the Company was rated Class A (the top class) for Annual Information Disclosure by the Shanghai Stock Exchange for the seventh consecutive year.

The Company always closely followed the strategic goals to explore performance highlights and investment value, actively communicated with and responds to the capital market, continued to build an investor relations business system with MCC's characteristics, and enhanced the Company's influence in the capital market. During the Reporting Period, the Company organised roadshows, participated in various brokerage strategy meetings, convened telephone communication meetings and received visiting institutional investors for a total of more than 70 times, and communicated directly with more than 300 institutional investors and more than 100 small and medium investors.

On the basis of regular performance announcement and daily communication, the Company held three periodic results presentations and performance roadshows for annual, interim and third quarterly reports, which were conducted through multi-media platforms such as video conferences, teleconferences and the SSE Roadshow Center, covering both online and offline, and made extensive exchanges with hundreds of domestic and foreign institutions and nearly 300 investors, analysts and financial media outlets, through which the Company made a detailed introduction of the Goals for "one building, two most, five strong", performance highlights, business development and technological innovation, looked forward to its development trend, and demonstrated its excellent performance and operation highlights to the capital market. The Company also organised more than 20 important institutional investors and brokerage analysts to go to Xinjiang, Shanghai and Zhejiang to carry out reverse roadshow activities on the themes of the "Belt and Road" and the "Iron and Steel Intelligent Operation and Maintenance", to show and exchange views on the Company's market development and business development in the region, as well as its development achievements in the fields of metallurgical operation services and core equipment manufacturing.

**III. PERFORMANCE OF THE BOARD OF DIRECTORS****(I) Progress of Major Events on which the Board Placed an Emphasis for the Year****1. *Focusing on main responsibilities and main businesses, continuously consolidating and enhanced our business advantages in the “One Core, Two Main Bodies and Five Features” fields***

In 2023, in the fields of steel metallurgy, non-ferrous metallurgy, and mineral resources etc., we undertook the world’s widest, most complete and first full-line digital intelligent wide and thick plate production line in China; we independently designed and supplied the king of rolling mills in the world, and successfully independently developed and put into operation the world’s first large-scale 3R low-carbon blast furnace demonstration project, built a hydrogen-based direct reduction vertical furnace continuous test platform (氫基直接還原豎爐連續化試驗平台) and completed hot commissioning, constructed the world’s largest sintering machine project, and successfully won the leading projects such as the Xinjiang Huoshao Yun lead-zinc mine smelting project and the EPC Project for MMP Nickel Matte Refining in Indonesia; the Sialdik copper mine achieved a major breakthrough in mineral exploration, continuously consolidated the national team’s position in metallurgical construction, demonstrated our responsibility to serve the country and strengthen the mining industry, and enhanced our core functions and core competitiveness.

**2. *Adhering to the leading position in marketing, and strengthening market development with more efforts and breakthroughs***

In 2023, the Company actively set up the concept of “big marketing”, and promoted the quality and scale of domestic and overseas markets to achieve “double enhancement” against the trend. The Company continued to the three-year action for basic management enhancement, focused on promoting the construction of a “grand performance” system, continuously strengthened the concept of “site work-cycling-market”, released the first edition of the “Project Management Manual”, formulated and promoted the “Project Target Management Responsibility Letter” (sample text), improved the standardization, refinement and digitization level of project management. During the Reporting Period, the Company became a recommended unit for the Luban Award for the first time, winning 14 Luban Awards and 30 National Quality Project Awards, with the number of award-winning projects reaching the highest level in history.

The Company focused on deepening our presence in major strategic regions and the “Belt and Road” construction, achieving success in projects such as the Beijing Rail Transit Line 22 vehicle base and the Shenwei area comprehensive development project in the capital economic zone, winning the bid for the first urban commercial complex project, the International Trade Center in the Xiong’an New Area, and securing iconic projects such as the Guangzhou Airport Exhibition Center Phase II project and the Baiyun International Airport Phase III expansion project in the Guangdong-Hong Kong-Macao Greater Bay Area, undertaking the Wuhan Yangluo Wuyi Lake and Gancha Lake Basin EOD-oriented area development projects, the Xiangjiacha Lake north area comprehensive development project and other multi-billion projects in the Yangtze River Economic Zone; we have also successfully built the Fuyang Yinhu Sports Center for the Hangzhou Asian Games and dedicated our efforts to the construction of the Dong’an Lake Park, the main venue of the opening ceremony of the Chengdu Universiade and the main torch tower and the Chengdu Open-air Music Park, the main venue of the closing ceremony, and provided security services for the event, showcasing our “quality performance, lean construction” to the world.

**3. *Strengthening foundation and building up momentum, and driving development with scientific innovation***

In 2023, the Company comprehensively launched a new round of deepening and enhancing reform actions, coordinated the promotion of the world-class “four special actions”. The Company achieved outstanding results in cultivating model enterprises, and the subsidiary of the Company, CISDI, was successfully selected by the SASAC as one of the model enterprises for establishing a world-class professional leader. The total number of “Dual Hundred Enterprises” and “Demonstration Enterprises of Science Reform” enterprises increased to nine, and the total number of national level specialized, unique and new “small titan” (小巨人) enterprises increased to eight, resulting in a sustained release of the enterprise reform dynamics. The Company made key breakthroughs in corporate governance efficiency by digital enhancement, and a number of achievements have been selected by the Ministry of Industry and Information Technology as typical cases and demonstration projects. The Company actively assumed 31 National Key Research and Development Program of China (國家重點研發項目) and the projects of the National Natural Science Foundation of China (國家自然科學基金項目), further advanced the metallurgical construction of the “181 research plan” and the establishment and implementation of major research and development projects in the non-steel sector centering on industrial chain arrangement with innovation chain, with a number of scientific and technological innovation milestones being promoted and applied in the key construction projects, resulting in significant economic and social benefits, as well as accelerated integration of the innovation industry chain with the value chain. Under the background of fruitful

achievements in patents, standards and innovation awards, the Company's total number of valid patents have exceeded 51,000 at the end of the Reporting Period, won 18 Metallurgical Science and Technology Awards and 4 Zhan Tianyou Awards (詹天佑獎), led in the compilation of 2 ISO international standards, and successfully passed the acceptance on the project of "Compilation and Effectiveness Analysis of National Standard Foreign Language Versions in Metallurgical Engineering Sector", and formed 41 structured, replicable and promotable English standards of Chinese metallurgical engineering, which have greatly enhanced its influence of science and technology in the industry.

**4. *Investment management returning to its essential attributes and accelerating the de-stocking of real estate inventories***

In 2023, the Company continuously refined the investment project approval process by including investment matters of investment and financing operations projects in the scope of the investment committee's review. The preemptive risk control of the investment committee was further highlighted. Additionally, the project approval process was further refined by establishing a project initiation mechanism for investment and financing operation projects. This mechanism guided subsidiaries to negotiate and refine project conditions in the early stage, thereby improving project quality fundamentally and further enhancing the operational capability of subsidiary projects. Investment plans were further optimized by scientifically calculating investment fund space through monetary funds at the beginning of the period, net cash flows from operating activities, investment recovery funds and other financial indicators, combined with investment control indicators such as enterprise type, asset-liability ratio, and net investment-to-net asset ratio.

In 2023, the Company intensified efforts to destock real estate inventory by formulating tailored project inventory destocking plans. It clarified and formulated annual contracted sales targets, specific inventory destocking targets for commercial housing projects, inventory destocking targets, and payment collection targets. Regular special tracking and supervision of completion status were conducted to ensure effective closed-loop management.

**5. *Placing talent as the most valuable resource and strengthening human resource development***

In 2023, the Company learnt and implemented results of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era theme education, continuously strengthening the ideological and theoretical education of Party officials. Various forms of education and training, such as centralized rotational training, targeted selection and dispatching, and regular online training, were utilized. Training and learning were conducted for the Company's Party committee management cadres, cadres at division chief level, and employee party members, with a total of 46,000 participants. Efforts were focused on improving and strictly implementing modern corporate leadership systems and mechanisms, further optimizing the Company's cadre assessment and management methods. Innovative measures were taken to organize department heads to conduct on-site work reports, ensuring precise, scientific, objective, and fair assessments.

In 2023, the Company implemented the strategy of strengthening the enterprise through talents. Zeng Bin from China Academy of Building Research was elected as an academician of the Chinese Academy of Engineering, filling the gap of in-service academicians of the Chinese Academy of Engineering in the Company. The Company also carried out supplement and adjustments to chief experts across various specializations. The Company significantly advanced the establishment of master's studio, with three additional national-level masters' studios approved, bringing the total to nine. A batch of provincial, municipal, and enterprise-level skill master studios were established to promote the craftsmanship. The Company continued to engage in skill-based contests and job training for skilled talents, and they participated in the finals of the second National Vocational Skills Competition, achieving remarkable results with 2 gold, 3 silver, 1 bronze, and 5 outstanding awards.

**(II) Directors' Annual Investigation and Research and Advice on Relevant Work**

In 2023, the directors of MCC conducted four collective research activities with the theme of “Consolidating Basic Management and Focusing on High-quality Development.” During the research process, the directors, based on state policies, industry development trends, and the Company’s current situation, put forward the following work requirements for the Company:

**1. *Improving overall basic management level and steadily boosting high-quality development***

Firstly, the Company must adhere to the work approach centered on both management and development, focusing on the strategic goal of “one building, two most, five strong”. The Company should not only consider the long-term development of itself but also strengthen the foundation and consolidate the basic management of the enterprise, ensuring steady and far-reaching development. Secondly, the Company needed to seize new opportunities for economic growth, accelerate its pace of development, and enhance profitability. Thirdly, the Company should continue to reduce “Two Funds”, increase the settlement of projects and the payment collection of sales, and strengthen the daily monitoring and management of cash flow. Fourthly, the Company needed to properly handle risk prevention and control, especially paying close attention to that in projects involving local governments’ investment, financing and construction, to ensure stable and high-quality development of the enterprise.

**2. *Guiding subsidiaries to give a full play to their advantages strategically and creating opportunities for their differentiated development***

Firstly, the Company needed to conduct in-depth analysis of the strengths and weaknesses of each subsidiary, strategically guiding them, especially those construction enterprises to leverage their comparative advantages in different professional qualifications, businesses and regional markets, consolidating their leading positions, enhancing core competitiveness and highlighting core functions. Secondly, it was essential to timely implement classified authorization management for subsidiaries, further stimulating their vitality and creating conditions for their larger and stronger growth. Thirdly, the Company should align with industry development trends, further supporting and encouraging the stronger, better and larger development of the steel structure business. The Company needed to intensify internal and external coordination for large-scale high-end steel structure projects, establish a unified “MCC Steel Structure” brand externally, and promote win-win situation through synergy and cooperation.

**3. *Implementing the “greater overseas” strategy and adopting effective measures to increase shares in overseas markets and quality of overseas projects***

The market competitiveness of overseas enterprises should be enhanced. Firstly, based on its comprehensive strengths, the Company should enhance its localization operation capabilities. This involved gaining a thorough understanding of the local market environment, laws and regulations, mitigating political and policy risks, establishing good relationships with local government departments and customers, and effectively utilizing local policies to achieve higher quality development. Secondly, while consolidating current market position, the Company should adhere to a primary business while diversifying other businesses moderately. It should innovate business models for overseas operations, leveraging existing resources and experiences to extend from the industrial chain to the value chain, creating new profit growth points, and thereby enhancing competitiveness. Thirdly, emphasis should be placed on team development, fostering a mindset of innovation, improving incentive mechanisms, and retaining employees by offering competitive benefits, career prospects, and emotional engagement, thus further motivating all staff to be entrepreneurial. Fourthly, the Company should adopt a long-term perspective, prioritizing digital transformation and green development, thereby increasing the brand influence of the Company in local markets. Fifthly, the Company should benchmark against industry-leading enterprises in segments, stay abreast of cutting-edge information, and play a role model in professional domains.

**IV. OUTLOOK FOR 2024**

Looking ahead to 2024, our goals are clear and the future is bright, but we also need to be prepared to face new and temporary difficulties, and overcome obstacles and challenges. We will make full anticipation and adequate preparations, guided by the Xi Jinping’s thought on Socialism with Chinese Characteristics for a New Era, adhere to and strengthen the Party’s leadership, accurately grasp the regular understanding of the “five musts” for doing economic work well in the new era; maintain strategic clarity, confidence, and determination, continue to make up for shortcomings, strengthen weaknesses, lay a solid foundation, and pursue long-term development with pragmatic strategies, steadily advance, promote stability through progress, and take action before making breakthroughs; comprehensively complete annual goals and tasks, promote the transformation and upgrading of the enterprise, cultivate new opportunities in adversity, open up new prospects in a changing situation, and achieve new breakthroughs in the new journey. We will join hands with all sectors of society, and with the consciousness of striving and practical actions of boldness and courage, we will overcome difficulties and obstacles and head towards a better future to jointly write a new chapter of the construction of Chinese-style modernization of MCC!

**The Board of Directors of Metallurgical Corporation of China Ltd.\***

25 June 2024



## WORK REPORT OF THE SUPERVISORY COMMITTEE OF METALLURGICAL CORPORATION OF CHINA LTD. FOR THE YEAR 2023

In 2023, the Supervisory Committee of Metallurgical Corporation of China Ltd. (referred to as “MCC” or the “Company”), in accordance with the relevant provision of the Company Law, the Securities Law and other laws and regulations, and the Articles of Association, the Rules of Procedure for the Supervisory Committee and other systems, with the purpose of safeguarding the interests of the Company and the rights and interests of all Shareholders, discharged its powers and duties with the utmost conscientiousness, conducted its work proactively and effectively, and fully exercised its supervisory functions in order to safeguard the legitimate rights and interests of the Company and its Shareholders and employees.

### I. COMPOSITION OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the Reporting Period, the third session of the Supervisory Committee of the Company comprised three Supervisors, who were Mr. Yin Sisong, the Chairman of the Supervisory Committee, Ms. Zhang Yandi, the Supervisor and Mr. Chu Zhiqi, the employee representative Supervisor.

### II. DUTY PERFORMANCE OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the Reporting Period, the Supervisory Committee of the Company strengthened its study and diligent performance of its duties in accordance with the Company Law, the Securities Law, the Work Guidelines for Supervisory Boards of Listed Companies and the Articles of Association of Metallurgical Corporation of China Ltd.\*. The Supervisory Committee supervised and examined the Company’s financial status, the use of proceeds of corporate bonds, decision-making and implementation of the Board, establishment of risk management and control system, and material operation and management; supervised the decision-making procedures of the Board and the president’s office; supervised the performance of the duties of Directors and senior management of the Company. Specifically, the Group aimed to achieve the following tasks:

#### (1) Convening meetings of the Supervisory Committee

In 2023, the Supervisory Committee of the Company held a total of eight meetings, with 27 proposals and reports. The convening and holding procedures of each meeting are in accordance with the provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Supervisory Committee. With the attitude of being accountable to all the shareholders, the Supervisors carefully scrutinized each proposal, provided a supervisory opinion prudently and effectively performed its supervisory duties.

On 23 February 2023, the 19<sup>th</sup> meeting of the third session of the Supervisory Committee was convened by way of on-site meeting, at which the committee considered the Resolution on Use of Surplus Proceeds from A Share Issuance as Permanent Supplement to Working Capital by the Central Research Institute of Building and Construction Co., Ltd. of MCC Group.

On 29 March 2023, the 20<sup>th</sup> meeting of the third session of the Supervisory Committee was convened by way of on-site meeting, at which the committee considered the Resolution on the Annual Report of MCC for the Year 2022, the Resolution on the Report of MCC on Final Accounts for the Year 2022, the Resolution on MCC's Provision for Impairment of Assets for the Year 2022, the Resolution on Profit Distribution of MCC for the Year 2022, the Resolution on Special Report on Fund Appropriation by the Controlling Shareholder of MCC and Other Related Parties for the Year 2022, the Resolution on the Social Responsibility Report of MCC for the Year 2022, the Resolution on the Internal Control Assessment Report of MCC for the Year 2022, the Proposal for Special Report on Funds Raised from A Share Offering and Brief for Special Report on Proceeds Raised from H Share Offering, the Proposal in Relation to Temporary Use of Idle Funds Raised from IPO of A Shares as Supplementary Working Capital, the Proposal in Relation to Temporary Use of Idle Funds Raised from IPO of H Shares as Supplementary Working Capital, and the Proposal on the 2022 Work Report by the Supervisory Committee of MCC.

On 27 April 2023, the 21<sup>st</sup> meeting of the third session of the Supervisory Committee was convened by way of communications, at which the committee considered and approved the Resolution on the First Quarterly Report of MCC for the Year 2023.

On 21 June 2023, the 22<sup>nd</sup> meeting of the third session of the Supervisory Committee was convened by way of on-site meeting, at which the committee considered the Proposal on the Company's Meeting the Conditions for Issuing Preferred Shares to Specific Targets, the Proposal on the Plan for the Company's Issuance of Preferred Shares to Specific Targets in 2023, the Proposal on the Pre-plan for the Company's Issuance of Preferred Shares to Specific Targets in 2023, the Proposal on the Feasibility Analysis Report for the Use of the Funds Raised by the Company through Issuing Preferred Shares to Specific Targets in 2023, the Proposal on the Company's Dilution of Immediate Returns through Issuance of Preferred Shares to Specific Targets and Supplementation to Immediate Returns and Commitments by Relevant Entities in 2023, the Proposal on the Company's Plan for Shareholder Dividends in the Next Three Years (2023–2025), the Proposal on No Need to Prepare the Report on the Use of Funds Raised Previously, the Proposal on Revising the Articles of Association of Metallurgical Corporation of China Ltd. Applicable after the Company's Issuance of Preferred Shares, and the Proposal on Revising the Policy of Metallurgical Corporation of China Ltd. for Managing the Funds Raised through A Share Issuance Applicable after the Company's Issuance of Preferred Shares.

On 27 July 2023, the 23<sup>rd</sup> meeting of the third session of the Supervisory Committee was convened by way of communications, at which the committee considered the Resolution on the Special Report of Metallurgical Corporation of China Ltd. on the Self-Inspection of the Real Estate Business When Offering Preferred Shares to Specific Targets in 2023.

On 30 August 2023, the 24<sup>th</sup> meeting of the third session of the Supervisory Committee was convened by way of on-site meeting, at which the committee considered and approved the Resolution on the Interim Report of MCC for the Year 2023 and the Resolution on the Interim Financial Report of MCC for the Year 2023, and reviewed the Special Report on Funds Raised from A Share Offering and Brief for Special Report on Proceeds Raised from H Share Offering.

On 26 October 2023, the 25<sup>th</sup> meeting of the third session of the Supervisory Committee was convened by way of on-site meeting, at which the committee considered and approved the Resolution on the Third Quarterly Report of MCC for the Year 2023.

On 15 December 2023, the 26<sup>th</sup> meeting of the third session of the Supervisory Committee was convened by way of communications, at which the committee considered the Resolution on Concluding the Raised Fund Investment Project and Using the Surplus Proceeds from A Share Issuance as Permanent Supplement to Working Capital by MCC22.

**(2) Performance of statutory supervisory duties**

In 2023, in accordance with the provisions of the Articles of Association, the Supervisory Committee of the Company earnestly performed its duties and attended the 2022 Annual General Meeting and the 2023 First Extraordinary General Meeting of the Company; sat in on the 2023 Board meetings and president's office meetings, supervised the decision-making procedures of the Board meetings and president's office meetings. Through understanding and participating in the Company's major events, they supervised the legal compliance of Directors and senior management in performing their duties, gradually carried out the necessary audit functions and played a statutory supervision role.

**(3) Participation in various trainings**

In 2023, the members of the Supervisory Committee actively participated in the professional training organized by the regulatory body, with a total of 9 participations in various special trainings organized by Beijing Securities Regulatory Bureau, covering topics on revision to the independent director system, investor relations management, financial management, ESG management, corporate strategic management, etc.. Through studying, the professional knowledge and skills required for the performance of duties of the Supervisors were absorbed in a timely manner, which further strengthened their theoretical literacy and practical performance capabilities.

**III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE IN 2023****(1) Operation of the Company according to law**

The Company's Supervisory Committee was of the view that the Board was able to strictly abide by the requirements of the Company Law, the Securities Law, the Articles of Association and other relevant laws, regulations and systems, and made decisions in accordance with the law. The Company's major business decisions were reasonable, and the procedures were legal and effective. The Company's directors and senior management seriously implemented the national laws and regulations, the Articles of Association, the resolutions of the Shareholders' general meetings and the Board meetings when performing their duties. They were dedicated to their work, diligent and responsible, honest and trustworthy, impartial and fair. Neither violation of laws, regulations and Articles of Association nor harm to the interests of the Company and its Shareholders was identified.

**(2) Financial position of the Company**

The Company's Supervisory Committee supervised and reviewed the Company's 2023 financial status and financial results, and believed that the Company's financial system was sound, the internal control system was perfect, and the financial management was standardized. After the comprehensive audit on the Company's financial statements, WUYIGE Certified Public Accountants LLP issued an unqualified audit report, and determined that the Company's 2023 financial statements presented fairly the Company's overall financial status and operation results in 2023 in accordance with Accounting Standards for Business Enterprises and in line with the Company's actual situation.

**(3) Utilization of the Company's raised proceeds**

The Supervisory Committee conducted supervision over the Company's utilization of the proceeds raised from its offering. It was of the view that the Company was able to regulate the utilization and management of the proceeds raised from the offering in accordance with laws, regulations and regulatory requirements. Neither violation of laws and regulations nor harm to the interests of the Shareholders in the utilization of the proceeds raised by the Company was identified.

**(4) Connected transactions of the Company**

The Supervisory Committee supervised the connected transactions of the Company and was of the opinion that the connected transactions of the Company were entered into in accordance with applicable laws or regulations such as the Company Law, the Securities Law, the Listing Rules of Shanghai Stock Exchange, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the provisions of the Articles of Association and the Manual of Management on Connected Transactions. The connected transactions were entered into based on a fully justified and cautious decision by the Board, the Finance and Audit Committee and the management of the Company. The value of the connected transactions was determined in accordance with the principle of exchange of equal values by reference to fair market value and thus did not go against the principles of fairness, openness and justice. No acts were noted which may be detrimental to the interests of the Company and its minority shareholders.

**(5) Internal control of the Company**

In 2023, the Company's internal control activities were standardized, legal and effective, and no violation of laws and regulations and the Company's internal control system occurred. The 2023 Internal Control Evaluation Report of Metallurgical Corporation of China Ltd. comprehensively, objectively and truly reflected the actual situation of the establishment, improvement and operation of the Company's internal control system.

**(6) Fulfillment of the Company's social responsibility**

In 2023, the Company made outstanding contributions in economic development, environmental protection, targeted poverty alleviation, and caring for employees. The Company actively participated in public welfare charities, earnestly fulfilled its social responsibilities, and safeguarded the interests of its Shareholders, customers and employees.

In 2024, the Company's Supervisory Committee will continue to strictly comply with the national laws and regulations, the Articles of Association and the Rules of Procedure for the Supervisory Committee and stringently perform its supervisory functions in line with the Company's development strategy and annual key tasks, and strengthen the its own construction and improve its supervision level and performance capability to further promote the Company's standardized operation and safeguard the rights and interests of the Company and its Shareholders and employees.

**The Supervisory Committee of Metallurgical Corporation of China Ltd.\***

25 June 2024

## RULES FOR THE WORK OF INDEPENDENT DIRECTORS OF METALLURGICAL CORPORATION OF CHINA LTD.

### CHAPTER 1 GENERAL PRINCIPLES

**Article 1** To further strengthen the corporate governance structure of Metallurgical Corporation of China Ltd. (hereinafter referred to as the “**Company**”), to promote the Company’s operation in accordance with relevant regulations, to ensure that independent directors perform their duties, this System is formulated in accordance with relevant provisions of the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Administrative Measures for Independent Directors of Listed Companies (hereinafter referred to as “**Administrative Measures**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules of SEHK**”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (hereinafter referred to as the “**Listing Rules of SSE**”), the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operation, the Code of Corporate Governance for Listed Companies and the Articles of Association of Metallurgical Corporation of China Ltd. (hereinafter referred to as the “**Articles of Association**”).

**Article 2** Independent directors refer to directors who do not take up any post other than as a director or a member of a special committee of the Board in the Company and do not have any direct or indirect interest relationship with the Company and the Company’s major Shareholder or its de facto controllers, or any other relationship that may affect his/her ability to make independent and objective judgments. The independent directors referred to herein also satisfy the independent non-executive directors requirements under the Listing Rules of SEHK.

**Article 3** Provisions on directors contained in the Articles of Association are applicable to independent directors, except for those provided otherwise in this System.

### CHAPTER 2 QUALIFICATIONS FOR INDEPENDENT DIRECTORS

**Article 4** To become an independent director, the following basic qualifications are required:

- (I) possess the qualifications for directors of listed company in accordance with laws, administrative regulations and other relevant regulations of the place of listing;
- (II) possess the independency required by Article 7 contained herein;
- (III) possess basic knowledge on the operation of listed companies, familiar with relevant laws, administrative regulations and rules;

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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- (IV) possess more than five years of work experience in law, economics, accounting, finance, management, etc.;
- (V) possess good personal morality with no records of poor credit; and
- (VI) possess other qualifications stipulated in laws, administrative regulations, the business rules of the China Securities Regulatory Commission (the “CSRC”) and the stock exchanges and the Articles of Association.

**Article 5** At least one third of the members of the Company’s Board shall be independent directors, and the number shall not be less than three, of which at least one must be an accounting professional. There shall be at least one independent director of the Company who ordinarily resides in Hong Kong. Those who are nominated as independent directors in the capacity of accounting professional shall have extensive accounting expertise and experience and meet at least one of the following criteria:

- (I) having qualification of certified public accountant;
- (II) having senior professional title, associate professor title or above, or doctor’s degree of accounting, auditing or financial management;
- (III) having senior professional title of economic management and more than five years of full-time working experience in accounting, auditing, financial management and other professional positions.

**Article 6** In principle, an independent director shall serve as independent director concurrently in three domestic listed companies at most, and shall ensure adequate time and dedication to effectively perform his/her duties as independent director.

If an independent director will serve as a director of the seventh (or more) listed companies, the Board shall to explain why it considers that person is still able to devote adequate time to performing his/her responsibilities as director.

**Article 7** Independent directors must be independent, comply with the requirement for independence of independent directors in the Administrative Measures and the Standardized Operation Guidelines, and the requirements for independence of independent non-executive directors in the Listing Rules of SEHK and by the Hong Kong Stock Exchange. The following persons are not allowed to become independent directors:

- (I) persons employed by the Company or its affiliated company (excluding independent directors) and its spouses, parents, sons and daughters, and main social relations;

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**APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS**

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- (II) persons directly or indirectly holding 1% or more than 1% of the Shares of the Company or the Company's top ten natural person Shareholders and their spouses, parents, sons and daughters;
- (III) persons employed by Shareholders directly or indirectly holding 5% or more than 5% of the Shares of the Company or the top five Shareholders of the Company as well as those persons' spouses, parents, sons and daughters;
- (IV) persons working in the Company's controlling Shareholder, de facto controller and its respective affiliated companies, and the spouses, parents, sons and daughters of such person;
- (V) persons providing financial, legal, consultancy or sponsorship services to the Company and its controlling Shareholder, de facto controller or its respective affiliated companies, including but not limited to all members of the project teams from the intermediaries providing service, reviewing officers at all levels, persons signing the reports, partners, directors, senior management and principal persons-in-charge;
- (VI) persons who have material business relationship with the Company and its controlling Shareholder, de facto controller or its respective affiliated companies, or employment in companies and its controlling Shareholder and de facto controller that have material business relationship;
- (VII) person who has met any of the conditions stated in Items (I) to (VI) above in the past 12 months;
- (VIII) any other person who does not work independently as prescribed by laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, etc.
- (IX) any other person who does not work independently as prescribed by laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, and the Articles of Association.
- (X) other persons defined by the stock exchange where the Company's shares are listed.



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## APPENDIX VI                    RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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“Main social relations” as mentioned in above paragraph refers to siblings, spouses of siblings, parents of spouses, siblings of spouses, spouses of children, parents of children’s spouses, etc.; “material business relationship” refers to matters required to be submitted to the shareholders’ general meeting for deliberation in accordance with the Listing Rules of SSE or the Articles of Association, or any other material matters as recognized by the Shanghai Stock Exchange; and “employment” refers to holding positions of directors, supervisors, senior management personnel and other staff members. The affiliated companies of the controlling Shareholder and de facto controller of the Company in items (IV), (V) and (VI) above shall not include the affiliated companies which do not constitute connected relationship with the Company under the requirements of the Rule 6.3.4 of the Listing Rules of SSE.

The independent directors shall conduct a self-examination of their independence on an annual basis and issue an independence confirmation letter, and submit the self-examination and independence confirmation letter to the Board. The Board shall conduct an annual assessment of the independence of the incumbent independent directors and issue special opinions thereon, which shall be disclosed together with the annual report.

**Article 8** Candidates for independent directors shall have good personal morality, shall not be prohibited from being nominated as directors of listed companies, and shall not have the following misconduct records:

- (I) any administrative punishment imposed by the CSRC or criminal punishment by judicial authority due to violations or crimes on securities and futures dealing within the last 36 months;
- (II) being placed on file for investigation by the CSRC or judicial authority due to suspected violations or crimes on securities and futures dealing, with no definite conclusion has been reached;
- (III) any public censure or three or more times of public criticism by the stock exchanges within the last 36 months;
- (IV) any material dishonest acts or other misconduct records;
- (V) in less than 12 months, having been proposed by the Board to be removed at a general meeting since he/she fails to attend the Board meetings either in person or by appointing another independent director on his/her behalf for two consecutive times during his/her previous tenure as an independent director;
- (VI) other circumstances as defined by the stock exchange(s).

**CHAPTER 3    APPOINTMENT AND DISMISSAL OF INDEPENDENT DIRECTORS**

**Article 9** The Company's Board, Supervisory Committee, Shareholders alone or jointly holding more than 1% of the shares of the Company can nominate candidates for independent directors, whose appointment shall be subject to the election and decision of Shareholders' general meetings. The above nominator shall not nominate a person who has interest in the nominator or any other close relationship that may affect the independent performance of duties as a candidate for the independent director.

An investor protection institution formed in accordance with the law may publicly request shareholders to entrust it with exercise of the right to nominate the independent directors.

**Article 10** The nominators of independent directors should obtain the consent of nominees before the nomination. A nominator should have full knowledge of the occupation, academic qualification, professional title, detailed working experience, all part-time jobs of the nominee, and whether he/she has any material discredit and other misconduct records, etc., as well as express opinions on the nominee's satisfaction of the independence and other requirements for the office of independent director. The nominee shall make a public statement as to his/her satisfaction of independence and other requirements for the office of independent director.

**Article 11** The nomination committee under the Board of the Company shall review the qualifications of the nominees for appointment and form a definite review opinion.

Before issuing the notice and announcement of the shareholders' general meeting for election of independent directors, the Company shall disclose relevant information in accordance with the provisions of Article 10 hereof and the preceding paragraph, and submit relevant materials of all candidates of independent directors to the Shanghai Stock Exchange. Such materials submitted shall be true, accurate and complete.

The Shanghai Stock Exchange shall, in accordance with the requirements, review such materials of the independent director candidates and make prudent judgment on whether the independent director candidates are qualified to hold office, and shall be entitled to raise dissenting views. When convening a shareholders' general meeting to elect independent directors, the Board of the Company shall explain whether the independent director candidates have been dissented by the Shanghai Stock Exchange. In case of dissent by the Shanghai Stock Exchange, the Company shall not submit for election at the shareholders' general meeting. If it has been submitted to the shareholders' general meeting for consideration, the proposal shall be canceled.

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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**Article 12** In case that two or more independent directors are elected at a shareholders' general meeting of the Company, the cumulative voting system shall be adopted. The detailed implementation rules shall be stipulated in the Articles of Association.

A separated vote-taking shall be conducted for the minority shareholders and the poll results shall be disclosed.

**Article 13** The term of office for independent directors is the same as that of other directors of the Company. At the expiration of a term of office, directors can continue in office provided they are re-elected, provide that the consecutive terms of office shall not exceed 6 years. Any independent director who has served the Company for six consecutive years shall not be nominated as a candidate for independent director of the Company within 36 months from the date of the occurrence of such fact.

**Article 14** Prior to expiry of the term of office of an independent director, the Company may dismiss him/her through statutory procedures. When an independent (non-executive) director is dismissed prior to expiry of his/her term, the Company shall promptly disclose the specific reasons and grounds therefor. If an independent director has any objection to the dismissal, the Company shall disclose it in a timely manner.

Any independent director who fails to comply with the qualifications and independence requirements shall immediately cease the performance of his/her duties and resign from his/her position. If he/she fails to resign, the Board shall immediately dismiss him/her in accordance with the relevant provisions as soon as it knows or should have known the occurrence of such facts.

If the number of independent directors and the proportion of the independent directors in the Board or its special committees falls below the minimum requirement of rules and regulations, this Rules or the Articles of Association, or there are no accounting professional among the independent directors as a result of the resignation or dismissal of an independent director due to the circumstances as stipulated in the preceding paragraph, the Company shall supplement the number of independent directors in accordance with regulations, notify the Shanghai Stock Exchange and the Hong Kong Stock Exchange, make a public announcement and appoint a new independent director. The Company shall complete the election for replacement within 60 days from the date of the occurrence of aforementioned facts.

**Article 15** An independent director may tender resignation before expiration of the term of office by submitting a written resignation application to the Board; providing an explanation of any conditions which are related to his or her resignation or which is considered by him/her as necessary to draw the attention of shareholders and creditors of the Company. The Company shall disclose the reasons and concerns for the independent director's resignation.

**CHAPTER 4   DUTIES AND DUTY PERFORMANCE  
METHODS OF INDEPENDENT DIRECTORS**

**Article 16** The independent directors shall perform the following duties:

- (I) to participate in the decision-making of the Board and offer specific opinions on the matters deliberated;
- (II) to supervise the matters on potential material conflicts of interest between the Company and its controlling shareholders, actual controllers, directors, and senior management members specified in Articles 18, 27, 28 and 29, urge the decision-making of the Board in the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders;
- (III) to provide professional and objective advice on the operation and development of the Company and promote the improvement of the decision-making level of the Board;
- (IV) to perform other duties prescribed by laws, administrative regulations, rules of the CSRC and the Articles of Association.

**Article 17** Independent directors may exercise the following special duties and powers:

- (I) to independently engage intermediaries to provide audit, consulting or verification services for specific matters of the Company;
- (II) to propose to the Board for the convening of extraordinary general meetings;
- (III) to propose the convening of Board meetings;
- (IV) to publicly solicit shareholders' rights from shareholders in accordance with laws;
- (V) to give independent opinions on matters that may damage the rights and interests of the Company or minority shareholders;
- (VI) to exercise other duties and powers prescribed by laws, administrative regulations, rules of the CSRC and the Articles of Association.

The fees of engaging intermediaries by independent directors and other fees incurred in the process of exercising their duties and powers shall be borne by the Company.

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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To exercise the duties and powers of independent directors in subparagraphs (1) (2) (3) of paragraph 1, consent of more than half of all independent directors shall be obtained.

The Company shall make a disclosure in a timely manner if an independent director exercises the duties and powers specified in the paragraph 1. If the above-mentioned duties and powers cannot be properly exercised, the Company shall disclose the specific situation and reasons therefor

**Article 18** The following matters shall be submitted to the Board for deliberation with the consent of the a majority of all independent directors of the Company:

(I) related party transactions that shall be disclosed;

(II) plans of the Company and the relevant parties for the modification or waiver of their undertakings;

(III) decisions made and measures taken by the Board regarding the acquisition if the Company is acquired;

(IV) Other matters prescribed by laws, administrative regulations, rules of the CRSC and the Articles of Association.

**Article 19** Before a meeting of the Board is convened, an independent director may communicate with the secretary of the Board and inquire about, request the supplements of materials, or offer opinions and recommendations concerning the matters to be deliberated. The Board and relevant personnel shall conscientiously study the issues, requests, and opinions put forward by the independent director and promptly provide feedback on the implementation of amendments to the proposals and other matters to the independent director.

**Article 20** An independent director shall attend a meeting of the Board in person. If an independent director is unable to attend a meeting in person for any reason, he or she shall review the meeting materials in advance, form specific opinions, and entrust in writing another independent director to attend the meeting on his or her behalf. If the Board considers that major shareholders or directors have significant conflicts of interest in matters to be considered by the Board, the relevant matters shall be reviewed at an on-site meeting of the Board. Independent directors who neither themselves nor their close associates have any significant interest in the transaction should attend relevant Board meeting.

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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If any independent director fails to attend in person or entrust other independent directors as his/her representatives to attend meetings of the Board for two consecutive times, the Board shall propose to convene the general meeting within thirty days after the occurrence thereof to terminate the employment of such independent director.

**Article 21** When an independent director votes against or abstains from voting on a proposal of the Board, he or she shall explain the specific reasons and basis therefor, the legality and compliance of the matters involved in the proposal, potential risks, and the impact on the rights and interests of the Company and minority shareholders, among others. When the Company discloses the resolution of the Board, it shall disclose the dissenting opinions of independent directors at the same time and indicate such opinions in the resolution of the Board and the minutes of the meeting.

**Article 22** The Company shall, on a periodical or unscheduled basis, convene meetings attended solely by independent directors (hereinafter referred to as “special meetings of independent directors”). The matters specified in subparagraphs (1) (2) (3) of paragraph 1 of Article 17 and Article 18 of this Rules shall be deliberated at the special meetings of independent directors. The special meetings of independent directors may study and discuss other material matters of the Company if necessary.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors. If the convener fails to or is unable to perform his or her duties, two or more independent directors may, on their initiative, convene a meeting and elect a representative to preside over the meeting.

The Company shall facilitate and support the convening of special meetings of independent directors.

The chairman shall hold a meeting with the independent directors without the presence of other directors at least once a year.

**Article 23** An independent director shall pay continuous attention to the implementation of resolutions of the Board on the matters specified in Articles 18, 27, 28 and 29 of this Rules, and if the independent director finds any violation of law, administrative regulation, rules of the CSRC, business rules of the stock exchange, or the Articles of Association, or violation of the resolution adopted at the shareholders’ general meeting or the meeting of the Board, the independent director shall report the violation to the Board in a timely manner and may require the Company to make a written explanation thereon. The Company shall promptly disclose any involved matter that shall be disclosed.

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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If the Company fails to make an explanation or a timely disclosure in accordance with the provisions of the preceding paragraph, the independent director may report it to the CSRC and the Shanghai Stock Exchange.

**Article 24** Independent directors shall express independent opinions on matters that may damage the rights and interests of the Company or minority shareholders or other matters that require independent opinions in accordance with the relevant regulations of the CSRC, Shanghai Stock Exchange, Securities and Futures Commission and the Hong Kong Stock Exchange. An independent opinion issued by the independent directors on a material matter shall at least include the followings:

- (I) basic information on the material matter;
- (II) basis of the opinion, including procedures performed, documents checked, content of on-site inspection, etc.;
- (III) compliance of the material matter with laws and regulations;
- (IV) impact on the rights and interests of the Company and minority shareholders, possible risks and the effectiveness of the measures taken by the Company;
- (V) Conclusion. In case of qualified opinion, objection or inability to express an opinion on a material matter, the relevant independent director shall clearly state the reasons and obstacles to inability to express an opinion.

The independent director shall sign and confirm the independent opinions issued, report the above opinions to the Board in a timely manner, and disclose them at the same time with the relevant announcement of the Company.

**Article 25** Independent directors shall form a majority and act as the convener of the Finance and Audit Committee, Nomination Committee and Remuneration and Appraisal Committee set up under the Board of the Company. The members of the Finance and Audit Committee shall be directors who do not serve as senior management of the Company, among which the majority shall be independent directors, and the professional accountant among the independent directors shall serve as the convener.

**Article 26** Independent directors in the special committees of the Board of the Company shall perform their duties in accordance with laws and regulations, relevant provisions of the exchange and the Articles of Association. Independent directors shall attend the meetings of special committees in person. An independent director who is unable to attend such meetings in person for some reason shall review the meeting materials in advance, form specific opinions, and entrust another independent director in writing to attend the meeting on his/her behalf. If an independent director concerns any material matter of the Company which falls within the scope of duties of a special committee in the course of performing his/her duties, he/she may promptly submit them to special committees for discussion and deliberation under relevant procedures.

**Article 27** The Finance and Audit Committee of the Board of the Company shall be responsible for reviewing the financial information of the Company and the disclosure thereof and supervising and assessing the internal and external audits and internal control. The following matters shall be submitted to the Board for deliberation with the approval of a majority of all members of the Finance and Audit Committee:

- (I) disclosure of financial accounting reports, financial information in periodic reports, and internal control evaluation reports;
- (II) appointment or dismissal of the accounting firm providing audit services for the Company;
- (III) Appointment or dismissal of the person in charge of financial affairs of the Company;
- (IV) Changes in accounting policies or accounting estimates, or corrections of material accounting errors due to reasons other than changes in accounting standards;
- (V) Other matters as stipulated by laws, administrative regulations, rules of CSRC and the Articles of Association.

The Finance and Audit Committee shall convene at least one meeting every quarter. An extraordinary meeting may be convened when it is proposed by two or more members, or when the convener deemed it necessary. The meeting of the Finance and Audit Committee may not be convened unless two-thirds or more of its members are present.



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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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**Article 28** The Nomination Committee of the Board of the Company shall be responsible for developing the criteria and procedures for selecting directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications, and making recommendations to the Board on the following matters:

- (I) nomination, appointment or removal of directors;
- (II) appointment or dismissal of senior management;
- (III) other matters as stipulated by laws, administrative regulations, rules of CSRC and the Articles of Association.

If the Board fails to adopt or fully adopt the recommendations of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for its non-adoption in the resolution of the Board and disclose them.

**Article 29** The Remuneration and Appraisal Committee of the Board of the Company shall be responsible for developing the assessment criteria for and conducting assessments on directors and senior management, formulating and reviewing the remuneration policies and plans for directors and senior management, and making recommendations to the Board on the following matters:

- (I) remuneration of directors and senior management;
- (II) development or modification of the equity incentive plan and employee stock ownership plan, and satisfaction of the conditions for granting equity to and exercising equity by incentive recipients;
- (III) arrangement made by directors and senior management for the stock ownership plan for the subsidiaries planning a divestiture;
- (IV) other matters as stipulated by laws, administrative regulations, rules of CSRC and the Articles of Association.

If the Board fails to adopt or fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for its non-adoption in the resolution of the Board, and disclose them.

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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**Article 30** An independent director shall work on-site at the Company for not less than 15 days each year.

In addition to attending shareholders' general meetings, meetings of the Board and its special committees, and special meetings of independent directors according to the relevant provisions, independent directors may perform their duties by various means such as obtaining information on the operation of the Company on a periodical basis, hearing the reports of the management, communicating with the person in charge of the internal audit body, the accounting firm providing audit services for the Company, and other intermediaries, conducting field visits, and communicating with minority shareholders.

**Article 31** Where a conflict occurs between the Company's shareholders or directors, which has a significant impact on the Company's operation and management, the independent directors shall take the initiative to perform their duties and safeguard the overall interests of the Company.

**Article 32** In case of any of the following circumstances, the independent director shall make timely report to the Shanghai Stock Exchange:

- (I) an independent director has been removed from office on grounds deemed to be unjustified;
- (II) an independent director resigns due to the fact that the Company prevents him/her from exercising his/her duties and powers according to law;
- (III) where the materials for the Board meeting are incomplete or inadequately argued, the written request from two or more independent directors to postpone the Board meeting or the consideration of relevant matters is not accepted;
- (IV) the Board fails to take effective measures despite its receipt of a report on suspected breach of laws or regulations by the Company or any of its directors, supervisors and senior management;
- (V) other circumstances that seriously impede the performance of duties by the independent directors.

**Article 33** The minutes of the meeting of the Board and its special committees or the special meeting of independent directors shall be made according to the relevant provisions, in which the opinions of independent directors shall be indicated. Independent directors shall sign the meeting minutes for confirmation.

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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Independent directors shall prepare work records and record detailed information on the performance of their duties. The information obtained in the process of an independent director's performance of his or her duties, relevant meeting minutes and records of communication with the personnel of the Company and intermediaries, among others, shall constitute parts of the work records. An independent director may require the secretary of the Board and other relevant personnel to confirm the important information in work records by signature, and the Company and relevant personnel shall cooperate.

The work records of an independent director and the information provided by the Company to the independent director shall be preserved for at least ten years.

**Article 34** The Company shall improve the mechanism for communication between independent directors and minority shareholders. Independent directors may verify the issues raised by investors with the Company in a timely manner.

**Article 35** An independent director shall submit annual work reports to the annual shareholders' general meeting of the Company, in which he or she shall make an explanation of the performance of his or her duties. An annual work report shall cover:

- (I) the times and methods of attending the Board meetings, voting results, and the times of attending the shareholders' meetings;
- (II) participation in the work of the special committees under the Board and special meetings of independent directors;
- (III) deliberation on the matters specified in Articles 18, 27, 28 and 29 of this Rules and exercising the special functions and powers of independent directors specified in paragraph 1 of Article 17 of this Rules;
- (IV) major matters, methods, and results of communication with the internal audit body and the accounting firm providing audit service for the Company regarding the financial and business status of the Company;
- (V) communication with minority shareholders;
- (VI) information such as the time and content of on-site work at the Company;
- (VII) other information on the performance of his or her duties.

The annual work report of an independent director shall be disclosed no later than the time when the Company issues a notice on the annual shareholders' general meeting.

**Article 36** Independent directors shall continuously strengthen their study of securities laws, regulations and rules, and continuously improve the capabilities to perform their duties.

**Article 37** After the end of each financial year, the Company's management shall comprehensively report to the independent directors the progress of the Company's production and operation, investment and financing activities and other major matters for the year. Such matters shall be recorded in writing, and the relevant parties shall sign on the necessary documents. At the same time, the Company shall promptly arrange for each independent director to conduct on-site inspections of major issues or necessary matters.

**Article 38** Prior to the audit conducted by the accounting firm responsible for the audit of the Company's annual financial report (hereinafter referred to as the "annual audit firm"), the person in charge of finance is responsible for organizing the submission of this year's audit work arrangements and other relevant materials to the independent directors.

**Article 39** The Company shall, before the annual audit firm conducts the audit and before the Board meeting is convened to scrutinize the annual report, arrange for the independent directors to meet with the annual audit firm to communicate the problems identified in the course of the audit. The independent directors shall perform the duties of the meeting, analyze the causes of the problems identified, determine the risks of the problems, and seek solutions. The meeting shall be recorded in writing and signed by the parties involved.

**Article 40** Before the convening of Board meeting to discuss the annual report, the independent directors shall verify the procedures, the necessary documents and the sufficiency of the information for reaching to reasonable and correct judgement. If they discover situation which are inconsistent with the relevant rules to convene Board meeting or insufficient basis for judgement, the independent directors shall propose to supplement, rectify and postpone the convening of Board meeting. When such proposals are not accepted, the independent directors can refuse to attend the Board meeting, and ask the Company to disclose the circumstances and reasons for their absence from the Board meeting. The Company shall disclose the circumstances and reasons why the independent directors did not attend the Board meeting in the announcement of the Board resolution.

**Article 41** Independent directors shall comply with provisions of the Model Code of Appendix 10 of the Listing Rules of SEHK.

**CHAPTER 5 GUARANTEE FOR INDEPENDENT DIRECTORS IN  
THE PERFORMANCE OF DUTIES**

**Article 42** The Company provides its independent directors with necessary working conditions and personnel support, and designates special departments and personnel, such as the Board office and the secretary of the Board, to assist independent directors in performing their duties.

The secretary of the Board shall ensure smooth communication between independent directors and other directors, officers, and other relevant personnel, and ensure that independent directors have access to sufficient resources and necessary professional opinions in the performance of their duties.

**Article 43** The Company shall give notice of a meeting of the Board to the independent directors in a timely manner, provide relevant meeting materials no later than the notice period for Board meetings as specified in laws and administrative regulations, rules of the CSRC or the Articles of Association, and create effective communication channels for the independent directors. In terms of a meeting convened by the special committees of the Board, the relevant materials and information shall, in principle, be provided no later than three days prior to the meeting of the special committees. The aforesaid meeting materials shall be kept by the Company for at least ten years.

When two or more independent directors consider the meeting materials inadequate or the proof unclear or not provided in time, they may propose in writing to the Company for postponing the meeting or the consideration of the matters, and the Company shall adopt such proposal.

In principle, the Board meetings and the meetings of special committees shall be convened by way of on-site meetings. When necessary, such meetings may also be convened through video, telephone or other methods according to the relevant procedures and on such a premise that all attending directors can fully communicate with each other and express their opinions.

**Article 44** When independent directors are performing their duties, the directors, senior management and other relevant personnel of the Company shall cooperate and shall not refuse, obstruct or conceal or interfere with their independent duty performance.

If independent directors encounter obstruction in performing their duties in accordance with the law, they may explain the situation to the Board, request cooperation from the directors, senior management and other relevant personnel, and record the details and resolution of the obstruction in their work record; if they still fail to remove the obstruction, they may report the matter to the CSRC and the Shanghai Stock Exchange.

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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If the performance of duties by independent directors involves information that shall be disclosed, the Company shall make the disclosure in a timely manner; if the Company fails to disclose such information, the independent directors may directly apply for disclosure or report the matter to the CSRC and the Shanghai Stock Exchange.

**Article 45** The Company shall ensure that independent directors enjoy the equal right to know as other directors. To ensure that independent directors can effectively exercise their functions and powers, the Company shall regularly report its operation to independent directors, provide relevant materials to independent directors, and organize or cooperate with them in on-site investigations and other works.

Before the deliberation of any significant or complicated matter by the Board, a listed company may organize its independent directors to participate in the research and argumentation of the matter, fully listen to the opinions of independent directors, and promptly report the adoption of their opinions to independent directors.

If the independent opinions, proposals and written explanations issued by independent directors are required to be announced, the Company shall timely assist in the announcement process.

**Article 46** The independent directors shall have the right to request the Company to engage consultants or professional institutions to seek professional advice on specific matters, and the Company shall bear the expenses incurred by the independent directors in engaging professional institutions and exercising other powers.

**Article 47** The Company pays independent directors with subsidies of appropriate sums. The standards of subsidies are proposed by the Board, considered and approved by the shareholders' general meeting, and disclosed in annual reports of the Company.

Apart from the aforesaid subsidies, independent directors acquire no other interests from the Company, its substantial shareholders, de facto controllers or any entity or person being an interested party.

### CHAPTER 6    SUPERVISION, MANAGEMENT AND LEGAL LIABILITIES

**Article 48** The followings are considered as major dereliction of duties by independent directors:

- (I) leaking of the Company's confidential commercial information, resulting in damage to the Company's legal interests;

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## APPENDIX VI                      RULES FOR THE WORK OF INDEPENDENT DIRECTORS

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- (II) Accepting illicit benefits during the course of performance of duties, or seeking personal profits by taking advantage of his/her position as an independent director;
- (III) refrain from raising objection to Board resolutions that, within his/her knowledge, violate the laws, administrative regulations or the Articles of Association;
- (IV) where connected transactions result in major losses to the Company, the independent director has not exercised his/her veto power.

**Article 49** If an independent director commits a serious dereliction of duty as set forth in Article 48 or engages in illegal acts prohibited by the Company Law, regulations and regulatory documents, resulting in great losses to the Company, he/she will be liable for payment of compensation for the losses.

### CHAPTER 7    SUPPLEMENTARY PROVISIONS

**Article 50** Unless specified otherwise, the terms used herein shall have the same meanings as defined in the Administrative Measures and the Articles of Association.

**Article 51** This Rules are proposed by the Board of the Company, and shall come into effect upon passing at the shareholders' general meeting after consideration.

**Article 52** In the event of any matter not covered herein or in the event of any conflict with the provisions of laws, regulations or the Articles of Association of the Company promulgated or amended after the effective date of this Rules, the provisions of laws, regulations or the Articles of Association of the Company shall prevail.

**Article 53** This Rules shall be subject to the interpretation of the Board.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date, as far as the Company was aware, the Directors, Supervisors and the chief executive of the Company or their respective associates had the following interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange:

Name	Position	Class of Shares	Long/short position	Nature of the interest	Number of Shares	Percentage	Percentage
						of the relevant class of Shares in issue (%)	of the total Shares in issue (%)
Mr. Yin Sisong	Chairman of the Supervisory Committee	A Shares	Long position	Beneficial owner	28,100	0	0



Save as disclosed above and as at the Latest Practicable Date, as far as the Company was aware, none of the Directors, Supervisors and the chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

### **3. EMPLOYMENT OF DIRECTORS AND SUPERVISORS WITH SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, Mr. Chen Jianguang and Mr. Yan Aizhong, all being Directors, and Mr. Yin Sisong, Ms. Zhang Yandi and Mr. Chu Zhiqi, all being Supervisors, are directors or supervisors of CMGC and/or China Minmetals which have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **4. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors confirm that there were no material adverse changes in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

### **5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

### **6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or any of their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosed under the Listing Rules.

**7. OTHER ARRANGEMENTS INVOLVING DIRECTORS AND SUPERVISORS**

As at the Latest Practicable Date:

- (a) none of the Directors or Supervisors were materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors or Supervisors had any direct or indirect interest in any assets which had been since 31 December 2023 (the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by, (ii) leased to, (iii) are proposed to be acquired or disposed of by, or (iv) are proposed to be leased to, any member of the Group.

**8. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinions or advice which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2023 (the date to which the latest published audited accounts of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection on (i) the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and (ii) the website of the Company ([www.mccchina.com](http://www.mccchina.com)) for a period of 14 days from the date of this circular:

- (1) the New Framework Agreement
- (2) the New Financial Services Agreement
- (3) the letter from the Independent Financial Adviser, the text of which is set out in this circular
- (4) the letter of consent referred to in the paragraph headed “8. Expert and Consent” in this appendix.

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## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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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)

## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 annual general meeting (the “AGM”) of Metallurgical Corporation of China Ltd.\* (the “**Company**” or “**MCC**”) will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 10028, the People’s Republic of China, on Tuesday, 25 June 2024 at 10:00 a.m. to consider and, if thought fit, pass (with or without amendments) the following resolutions:

### ORDINARY RESOLUTIONS

1. To consider and approve the proposal in relation to the “Work Report of the Board of MCC for the Year 2023”.
2. To consider and approve the proposal in relation to the “Work Report of the Supervisory Committee of MCC for the Year 2023”.
3. To consider and approve the proposal in relation to the report on final accounts of the Company for the year 2023 (as set out in the 2023 annual report of the Company).
4. To consider and approve the proposal in relation to the profit distribution plan of the Company for the year 2023.
5. To consider and approve the proposal in relation to the emoluments of Directors and Supervisors of the Company for the year 2023.
6. To consider and approve the proposal in relation to the plan of guarantees to be provided by the Company for the year 2024.
7. To consider and approve the proposal in relation to the appointment of the Company’s auditor and internal control auditor for the year 2024.
8. To consider and approve the proposal in relation to the entering into of the New Financial Services Agreement between the Company and Minmetals Finance Company and the annual caps for the three years ending 31 December 2027.

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## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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9. To consider and approve the proposal in relation to the entering into of the New Framework Agreement between the Company and China Minmetals and annual caps for 2025.
10. To consider and approve the proposal in relation to the asset-backed securitization business plan of the Company.
11. To consider and approve the proposal in relation to the closure of part of the Company's projects funded with the proceeds raised from A Shares and use of the remaining proceeds for permanent replenishment of liquidity.
12. To consider and approve the proposal in relation to the amendments to the Rules for the Work of Independent Directors of MCC.

### SPECIAL RESOLUTIONS

13. To consider and approve the proposal in relation to the amendments to the Articles of Association.
14. To consider and approve the proposal in relation to the plan of registration and issuance of domestic bonds of the Company for the year 2024.
15. To consider and approve the proposal in relation to the grant of general mandate to the Board of Directors to issue shares.

### BRIEFING

1. To receive the 2023 performance report of the independent non-executive Directors.

By order of the Board  
**Metallurgical Corporation of China Ltd.\***  
**Wang Zhen**  
*Joint Company Secretary*

Beijing, the PRC  
3 June 2024

*Notes:*

- (1) In order to determine the list of shareholders who are entitled to attend the AGM, the registers of members of the Company will be closed from Tuesday, 18 June 2024 to Tuesday, 25 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to attend and vote at the AGM, holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on Monday, 17 June 2024.

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## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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- (2) A shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. Where a shareholder appoints more than one proxy, his proxies may only vote by poll.
- (3) The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporation, that instrument must be either under the seal of the Company or under the hand of its director(s) or duly authorized attorney(s). If that instrument is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.
- (4) In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) must be deposited at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, for holders of H Shares, and to the Company's office of the Board, for holders of A Shares, not less than 24 hours before the AGM (excluding any public holiday).
- (5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of the aforementioned matters shall have been received by the Company prior to the commencement of the AGM.
- (6) For information purpose only, holders of H Shares who intend to attend the AGM in person or by proxy shall return the reply slip to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, and for holders of A Shares of the Company, to the office of the Board of the Company, on or before Thursday, 20 June 2024 by hand, by post or by fax.
- (7) The address and contact details of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:  
  
Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong  
Tel: (852) 2862 8555  
Fax: (852) 2865 0990
- (8) The address and contact details of the office of the Board of the Company are as follows:  
  
MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the People's Republic of China  
Tel: (8610) 5986 8666  
Fax: (8610) 5986 8999
- (9) In accordance with the Company's Articles of Association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, attend and exercise all the voting rights attached to such share at the AGM, and this notice shall be deemed to be given to all joint holders of such share.
- (10) The AGM is expected to take less than two hours. Shareholders (in person or by proxy) attending the AGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the AGM shall produce their identity documents.

*As at the date of this notice, the Board of Directors of the Company comprises executive Director: Mr. Chen Jianguang; non-executive Directors: Mr. Lang Jia and Mr. Yan Aizhong (employee representative Director); and independent non-executive Directors: Mr. Zhou Jichang, Mr. Liu Li and Mr. Ng, Kar Ling Johnny.*

\* *For identification purposes only*