CHALCO

中国铝业股份有限公司

ALUMINUM CORPORATION OF CHINA LIMITED*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2600)

ANNOUNCEMENT
CONNECTED TRANSACTION
PROPOSED ACQUISITION OF 40% EQUITY INTERESTS IN CHALCO SHANGHAI

Reference is made to the announcement of the Company dated 23 March 2017, in relation to proposed acquisition of 40% equity interests in Chalco Shanghai by the Company. On 12 May 2017, the Company entered into an Equity Transfer Agreement with Chinalco, subject to conditions precedent. Pursuant to the Equity Transfer Agreement, Chinalco has agreed to dispose and the Company has agreed to acquire the 40% equity interests in Chalco Shanghai.

As at the date of this announcement, Chinalco is the controlling shareholder of the Company and hence it is a connected person of the Company under the Hong Kong Listing Rules. As such, the Proposed Acquisition constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Proposed Acquisition exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As the Proposed Acquisition is required to be proposed at the general meeting for consideration in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Company will seek approval for the Proposed Acquisition from shareholders at the AGM.

1. INTRODUCTION

Reference is made to the announcement of the Company dated 23 March 2017, in relation to proposed acquisition of 40% equity interests in Chalco Shanghai by the Company. On 12 May 2017, the Company entered into an Equity Transfer Agreement with Chinalco, subject to conditions precedent. Pursuant to the Equity Transfer Agreement, Chinalco has agreed to dispose and the Company has agreed to acquire the 40% equity interests in Chalco Shanghai.

2. EQUITY TRANSFER AGREEMENT

2.1 Date

12 May 2017

2.2 Parties

(1) Chinalco (as the seller of its 40% equity interests in Chalco Shanghai); and

(2) The Company (as the purchaser of 40% equity interests in Chalco Shanghai).

2.3 Nature of transaction

Chinalco has conditionally agreed to dispose and the Company has conditionally agreed to acquire the 40% equity interests in Chalco Shanghai.

2.4 Consideration

RMB1,413,288.8 thousand, being the transfer price as agreed in the Equity Transfer Agreement, which is determined with reference to the appraised value of the equity interests in Chalco Shanghai as set out in the asset appraisal report prepared by RKA based on the asset-based approach as at the Benchmark Date.

2.5 Payment

The consideration will be financed by the Group in its own cash and shall be paid in a lump sum by the Company within 30 days commencing from the following day of the effective date of the Equity Transfer Agreement.

2.6 Conditions precedent

Conditions precedent of the Equity Transfer Agreement and transactions thereunder include:

(1) the Equity Transfer Agreement having been duly signed by both parties;

(2) the Proposed Acquisition having been approved at a general meeting of the Company; and

(3) the Equity Transfer Agreement having been approved by the competent authority of Chinalco (if necessary).

2.7 Completion

Both parties shall complete the equity transfer within 15 business days upon effectiveness of the Equity Transfer Agreement and cooperate with Chalco Shanghai in proceeding with the procedures for equity transfer registration.

3. INFORMATION ON CHALCO SHANGHAI

Chalco Shanghai was incorporated in April 2012 with registered address at Room A328, No. 551 West Gaoke Road, Pudong New Area, Shanghai. The principal businesses of Chalco Shanghai include: domestic trade (except for special approval); import and export of cargo and technology; real estate development and operation; management of engineering projects; construction; sale of metal materials and relevant products; freight forwarding agency; warehousing (except for dangerous goods); commercial consultancy (except for brokerage); asset management; industrial investment; property management; exhibition service and others. Chalco Shanghai holds two 5A office buildings in the business zone at the Shanghai Expo Park.

According to the asset appraisal report prepared by RKA based on the asset-based approach as at the Benchmark Date, as of the Benchmark Date, the book value and the appraised value of the total assets of Chalco Shanghai are RMB1,345,548.1 thousand and RMB3,910,461.1 thousand, respectively; the book value and the appraised value of the total liabilities are RMB377,239.1 thousand and RMB377,239.1 thousand, respectively; and the book value and the appraised value of the net assets are RMB968,309.0 thousand and RMB3,533,222.0 thousand, respectively, representing a valuation appreciation of to RMB2,564,912.9 thousand, or appreciation rate of 264.89%.

Set out below are the net profits of Chalco Shanghai (before and after taxes and extraordinary items) for the financial years ended 31 December 2015 and 31 December 2016 pursuant to the financial reports prepared according to generally accepted accounting principles in the PRC by Chalco Shanghai:

	For the year ended 31 December 2015 (audited) *(RMB)*	**For the year ended 31 December 2016 (audited)** *(RMB)*
Net profit before taxes and extraordinary items	13,766.57	41,509.73
Net profit after taxes and extraordinary items	13,766.57	41,509.73

The Company currently holds 60% equity interests in Chalco Shanghai, thus Chalco Shanghai is a non-wholly owned subsidiary of the Company. Upon completion of the Proposed Acquisition, Chalco Shanghai will become a wholly owned subsidiary of the Company. The original cost of Chalco Shanghai invested by Chinalco amounts to the capital contributions made by Chinalco since the establishment of Chalco Shanghai. The Directors do not consider the original cost of Chalco Shanghai to Chinalco directly relevant to the determination of the consideration of the Proposed Acquisition.

4. REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The acquisition of 40% equity interests in Chalco Shanghai by the Company is the need of the strategic layout and business development plan of the Company. After the completion of the Proposed Acquisition, Chalco Shanghai will become a wholly owned subsidiary of the Company. The Company can make full use of the advantage of Shanghai as an international financial centre and its location to take Chalco Shanghai as a financial, trade and logistics centre of the Company, expanding external financing and overseas trade, which would bring new arena of profit growth to the Company.

The Directors (including the independent non-executive Directors) are of the view that the Proposed Acquisition is on normal commercial terms, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole, but is not in the ordinary or usual course of business of the Group due to the nature of such transaction.

5. IMPLICATIONS UNDER HONG KONG LISTING RULES

As at the date of this announcement, Chinalco is the controlling shareholder of the Company and hence it is a connected person of the Company under the Hong Kong Listing Rules. As such, the Proposed Acquisition constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Proposed Acquisition exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As the Proposed Acquisition is required to be proposed at the general meeting for consideration in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Company will seek approval for the Proposed Acquisition from shareholders at the AGM.

As Mr. Yu Dehui and Mr. Liu Caiming, the Directors of the Company, concurrently hold positions in Chinalco, they have abstained from voting on the Board resolution with respect to the Proposed Acquisition. Saved as disclosed above, none of the Directors has any material interest in the transaction contemplated under the Equity Transfer Agreement and therefore none of the other Directors has abstained from voting on such Board resolution.

6. GENERAL INFORMATION

The Company is a joint stock limited company established in the PRC, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively, while its ADSs are listed on the New York Stock Exchange. The Group is principally engaged in the mining of bauxite; the production and sales of alumina, primary aluminum and aluminum alloy products; operating of coal and electricity businesses as well as trading and logistics of non-ferrous metal products.

Chinalco is the controlling Shareholder of the Company and it directly and indirectly holds approximately 35.77% of the total issued share capital of the Company as at the date of this announcement. Chinalco is a solely state-owned enterprise registered and incorporated in the PRC and the sponsoring shareholder of the Company. Chinalco is principally engaged in mineral resources development, smelting and processing of nonferrous metal, relevant trading and related engineering and technical services.

Completion of the Proposed Acquisition is subject to conditions. Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.

7. DEFINITIONS

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

"AGM"	the 2016 annual general meeting of the Company to be convened on 28 June 2017 to consider and, if thought fit, among other matters, approve the Proposed Acquisition;
"A Share(s)"	the domestic share(s) issued by the Company and denominated in Renminbi and which are listed on the Shanghai Stock Exchange;
"A Shareholder(s)"	holder(s) of A Shares;
"ADS(s)"	the American Depository Share(s) issued by the Bank of New York Mellon as the depository bank and listed on the New York Stock Exchange, with each ADS representing 25 H Shares;
"Benchmark Date"	31 December 2016;
"Board"	the board of Directors of the Company;
"Chalco Shanghai"	Chalco (Shanghai) Co., Ltd.* (中鋁（上海）有限公司), a limited liability company incorporated in the PRC and its equity interests were held as to 60% by the Company and 40% by Chinalco prior to the completion of the Proposed Acquisition;
"Chinalco"	Aluminum Corporation of China* (中國鋁業公司), a wholly state-owned enterprise established in the PRC and the controlling shareholder of the Company holding directly and indirectly approximately 35.77% of the total issued share capital of the Company as at the date of this announcement;
"Company"	Aluminum Corporation of China Limited*(中國鋁業股份有限公司), a joint stock limited company incorporated in the PRC, the A Shares, H Shares and ADS(s) of which are listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange, respectively;

"connected person(s)"	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
"Director(s)"	the director(s) of the Company;
"Equity Transfer Agreement"	the agreement entered into between Chinalco and the Company on 12 May 2017, pursuant to which, Chinalco agreed to sell and the Company agreed to acquire 40% equity interests in Chalco Shanghai;
"Group"	the Company and its subsidiaries;
"H Share(s)"	the overseas-listed foreign invested share(s) in the Company's share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and subscribed for in Hong Kong dollars;
"H Shareholder(s)"	holder(s) of H Shares
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"PRC"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and the Taiwan region;
"Proposed Acquisition"	the proposed acquisition of 40% equity interests in Chalco Shanghai held by Chinalco by the Company according to terms and conditions of the Equity Transfer Agreement;
"RKA"	Chongqing Rongkuang Assets and Real Estate Appraisal Co., Ltd.* (重慶融礦資產評估房地產土地估價有限公司), a qualified valuer in the PRC, jointly appointed by Chinalco and the Company to evaluate the value of 40% equity interests in Chalco Shanghai;
"RMB"	Renminbi, the lawful currency of the PRC;

"Share(s)"	A Shares and H Shares;
"Shareholder(s)"	A Shareholders and H Shareholders;
"subsidiary"	has the same meaning ascribed thereto under the Hong Kong Listing Rules; and
"%"	per cent.

By order of the Board
Aluminum Corporation of China Limited*
Zhang Zhankui
Company Secretary

Beijing, the PRC
12 May 2017

As at the date of this announcement, the members of the Board comprise Mr. Ao Hong, Mr. Lu Dongliang and Mr. Jiang Yinggang (Executive Directors); Mr. Yu Dehui, Mr. Liu Caiming and Mr. Wang Jun (Non-executive Directors); Ms. Chen Lijie, Mr. Hu Shihai and Mr. Lie-A-Cheong Tai Chong, David (Independent Non-executive Directors).

* *For identification purpose only*