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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
CONTINUING CONNECTED TRANSACTION
NEW FINANCIAL SERVICES AGREEMENT WITH
CHINALCO FINANCE

References are made to the announcement dated 28 April 2015 and the circular dated 2 June 2015 of the Company in relation to, among other things, the entering into of the Existing Financial Services Agreement between the Company and Chinalco Finance for a term of three years from 26 August 2015 to 25 August 2018. The Board announces that, as the Company proposes to revise the annual caps of financial services provided by Chinalco Finance and renew such financial services, the Company and Chinalco Finance propose to enter into the New Financial Services Agreement to regulate the financial service transactions between the Company and Chinalco Finance. The Existing Financial Services Agreement will be terminated after the entering into and the effectiveness of the New Financial Services Agreement.

As Chinalco is the controlling shareholder of the Company, directly or indirectly, holding approximately 34.77% of the issued share capital of the Company, Chinalco is a connected person of the Company under the Hong Kong Listing Rules. As Chinalco holds 100% equity interests in Chinalco Finance, Chinalco Finance is a subsidiary of Chinalco and a connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the relevant percentage ratio calculated in accordance with the Hong Kong Listing Rules for deposit services under the New Financial Services Agreement exceeds 5%, the deposit services to be provided by Chinalco Finance to the Group are subject to the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

As the credit services to be provided by Chinalco Finance to the Group are on normal commercial terms, similar to or more favourable than those offered by commercial banks in the PRC for the provision of comparable services and are in the interest of the Group. No security over the assets of the Group is granted to Chinalco or Chinalco Finance in respect of such loans. Therefore, the loan services to be provided by Chinalco Finance to the Group under the New Financial Services Agreement are exempt from all reporting, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Hong Kong Listing Rules.

In respect of the provision of miscellaneous financial services by Chinalco Finance to the Group, as each of the percentage ratios (if applicable) is below the de minimis threshold set out in Rule 14A.76 of the Hong Kong Listing Rules, the provision of miscellaneous financial services by Chinalco Finance to the Group will be exempt from the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

An EGM will be convened by the Company to seek the Independent Shareholders' approval regarding the deposit services under the New Financial Services Agreement. A circular containing, among others, the resolution in relation to the New Financial Services Agreement will be dispatched to the Shareholders on 3 November 2017. A supplemental circular containing, among others, (i) details of the New Financial Services Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice by an independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders on or before 5 December 2017 as the Company requires additional time to prepare and finalize certain information to be contained in the supplemental circular to enable the Shareholders to make their informed decisions at the EGM.

I. INTRODUCTION

References are made to the announcement dated 28 April 2015 and the circular dated 2 June 2015 of the Company in relation to, among other things, the entering into of the Existing Financial Services Agreement between the Company and Chinalco Finance for a term of three years from 26 August 2015 to 25 August 2018. The Board announces that, as the Company proposes to revise the annual caps of financial services provided by Chinalco Finance and renew such financial services, the Company and Chinalco Finance propose to enter into the New Financial Services Agreement to regulate the financial service transactions between the Company and Chinalco Finance. The Existing Financial Services Agreement will be terminated after the entering into and the effectiveness of the New Financial Services Agreement.

II. NEW FINANCIAL SERVICES AGREEMENT

Parties

- (1) the Company (as the recipient); and
- (2) Chinalco Finance (as the provider)

Signing Date

26 October 2017

Term and Conditions Precedent

The New Financial Services Agreement shall become effective upon execution by authorized signatories of both parties with their respective common seals or seals specifically for contracts affixed thereon and approval by their respective competent departments (including but not limited to obtaining the approval of the Independent Shareholders of the Company at the general meeting), and shall remain valid for a term of three years from 26 October 2017 to 25 October 2020. Subject to the relevant rules governing connected transactions under the Hong Kong Listing Rules and the listing rules of the Shanghai Stock Exchange, the New Financial Services Agreement may be renewed for three years as agreed by both parties.

Major Terms

1. Pursuant to the New Financial Services Agreement, the Group and Chinalco Finance will cooperate on a non-exclusive basis, thereby allowing the Group to select other financial institutions for financial services at its discretion.
2. Chinalco Finance undertakes that the terms for the provision of financial services to the Group at any time shall be no less favorable than those of the same type of financial services provided by Chinalco Finance to Chinalco and other members of its group, nor those of the same type of financial services provided to the Group by other financial institutions.

3. Chinalco Finance shall provide the following financial services to the Group in accordance with the above service principles, with the major service terms as below:

(1) Deposit Services

- (a) The interest rate for the deposit of the Group with Chinalco Finance shall be no less than the interest rate for the same kind of deposit announced by the PBOC for the same period, no less than the interest rate for the same kind of deposit offered by the major commercial banks in the PRC for the same period, and no less than the interest rate for the same kind of deposit of Chinalco and other members of its group with Chinalco Finance for the same period.
- (b) In respect of deposit services, Chinalco Finance shall ensure the security of the Group's funds and promptly and fully satisfy any withdrawal request raised by the Group. If Chinalco Finance fails to pay the deposits to the Group on time and in full upon request, the Group shall be entitled to terminate the New Financial Services Agreement and offset any such deposits payable with the loans due to Chinalco Finance by the Group according to laws and regulations of the PRC.
- (c) The maximum daily deposit balance (including accrued interests) of the Group on the settlement account in Chinalco Finance shall not exceed RMB12 billion (equivalent to approximately HK\$14.16 billion) within the validity period of the New Financial Services Agreement.

(2) Settlement Services

- (a) Chinalco Finance will provide payment and receipt services as well as other ancillary services relating to settlement services to the Group in accordance with the Group's instructions.
- (b) Chinalco Finance will provide the Company with the above settlement services for free.

(3) Credit Services

- (a) Subject to compliance with the relevant PRC laws and regulations, Chinalco Finance will, in light of the operation and development needs of the Group, provide comprehensive credit services, loan services, financial leasing services, bill operation services and other forms of financing services.

- (b) The interest rate for the loan to be provided by Chinalco Finance to the Group shall not exceed the interest rate cap for the same type of loan announced by the PBOC for the same period; meanwhile, it shall not exceed the interest rate for the same type of loan provided by Chinalco Finance to Chinalco and other members of its group, or the interest rate for the same type of loan provided to the Group by the major commercial banks in the PRC for the same period, whichever is lower.
- (c) Chinalco Finance shall provide loans to the Company on normal commercial terms and no security is to be granted by the Company over its assets.
- (d) The maximum daily balance (including accrued interests) of the loans provided by Chinalco Finance to the Group shall not exceed RMB15 billion (equivalent to approximately HK\$17.70 billion) within the validity period of the New Financial Services Agreement.

(4) Miscellaneous Financial Services

- (a) Chinalco Finance may provide other financial services within its business scope in accordance with the Group's instructions and requirements.
- (b) The fees charged by Chinalco Finance for the provision of aforesaid miscellaneous financial services to the Group shall be in accordance with the relevant benchmark rates determined by the PBOC or the CBRC (if any). In addition, such fees shall not exceed those charged by the major commercial banks in the PRC for the provision of the same type of financial services, or those charged by Chinalco Finance for the provision of the same type of financial services to Chinalco and other members of its group, whichever is lower.
- (c) The annual fees charged by Chinalco Finance for the provision of the miscellaneous financial services to the Group shall not exceed RMB50 million (equivalent to approximately HK\$59 million) within the validity period of the New Financial Services Agreement.

III. REASONS AND BENEFITS FOR ENTERING INTO THE NEW FINANCIAL SERVICES AGREEMENT

The reasons for the Company to enter into the New Financial Services Agreement with Chinalco Finance are as follows:

1. The settlement services through Chinalco Finance will strengthen the Company's centralized management of its subsidiaries' capital and reduce the capital transmission time, and the Company may take full advantage of the favorable policy of free settlement services provided by Chinalco Finance to duly increase the amount of settlement services to be provided by Chinalco Finance and reduce the banking commission charges payable by the Company, which is beneficial in reducing the amount of settlement capital that is required to be kept by the Company and its subsidiaries, thereby releasing more capital for turnover.
2. The Company will deposit part of its funds with Chinalco Finance, which will provide financing support to the Company's subsidiaries through operating loans subject to compliance with the limits for such loans. Such arrangements will resolve the liquidity requirements of individual subsidiaries of the Company and enable the Company to centralize its management of the Group's credit limits and loan targets through Chinalco Finance.
3. The interest rate for the deposit of the Group with Chinalco Finance will be no less than the interest rate for the same kind of deposit announced by the PBOC for the same period and the interest rate for the same kind of deposit offered by the major commercial banks in the PRC for the same period, which is beneficial in improving the level of the Company's capital gains.
4. According to the New Financial Services Agreement, Chinalco Finance will provide comprehensive credit services, loan services, financial leasing services, bill operation services and other forms of financing services, whose interest rate shall be equivalent to or less than the interest rate for the same type of loans provided by the major commercial banks, and no security is to be granted by the Company over its assets, enabling the lending procedure easier and more efficient than that provided by the commercial banks.
5. The arrangement of entrusted loans for the Company's subsidiaries through Chinalco Finance may replace the high-rate loans of its subsidiaries, helping reduce the financial expenses.

6. Chinalco Finance is regulated by the PBOC and the CBRC and provides its services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities.

The transaction contemplated under the New Financial Services Agreement facilitates the Group to optimize its financial management, increases the efficiency of fund utilization, and reduces the cost of financing and financing risks. It will not be detrimental to the interests of the Company and will not affect the independence of the Company.

IV. HISTORICAL AMOUNTS OF THE CONTINUING CONNECTED TRANSACTIONS

(1) Deposit Services

Based on the information provided by the Group, the maximum daily balance of deposits (including accrued interest) placed by the Group with Chinalco Finance for the three years ended 25 August 2017 was approximately RMB7.9 billion.

The Board further confirmed that, as at the date of this announcement, the original maximum balance of daily deposit (including interest accrued therefrom) under the Existing Financial Services Agreement for the year ending 25 August 2018 has not been exceeded.

(2) Settlement Services

No fees were paid by the Group to Chinalco Finance for the settlement services and other financial services for the three years ended 25 August 2017. Chinalco Finance will provide the Company with the settlement services for free.

(3) Credit Services

Since the services will be provided by Chinalco Finance to the Group at interest rate not exceeding the interest rate cap for the same type of loan announced by PBOC for the same period, the transaction involves provision of financial assistance by Chinalco Finance for the benefit of the Group on normal commercial terms (or better to the Group) where no security over the Group's assets is granted in respect of the financial assistance.

(4) Miscellaneous Financial Services

The historical amounts paid by the Group to Chinalco Finance for the miscellaneous financial services for the three years ended 25 August 2017 were approximately RMB1,379,400, RMB1,639,948 and RMB386,697, respectively. The Company also expects that the related annual services fees payable by the Group to Chinalco Finance will remain insignificant throughout the term of the New Financial Services Agreement.

The Board further confirmed that, as at the date of this announcement, the original annual cap of other financial services under the Existing Financial Services Agreement for the year ending 25 August 2018 has not been exceeded.

V. PROPOSED CAPS UNDER THE NEW FINANCIAL SERVICES AGREEMENT

Deposit Services

Pursuant to the Existing Financial Services Agreement, the maximum daily deposit balance (including accrued interests) of the Group with Chinalco Finance should not exceed RMB8 billion (equivalent to approximately HK\$9.44 billion). Under the New Financial Services Agreement, the maximum daily deposit balance (including accrued interests) of the Group with Chinalco Finance during the term of the New Financial Services Agreement shall not exceed RMB12 billion (equivalent to approximately HK\$14.16 billion).

The Board, having considered (i) the future business development plan and financial requirements of the Group; (ii) the funds deposited with Chinalco Finance can be utilized to supplement the financial needs of the subsidiaries of the Company and increase the fund utilization efficiency; (iii) the need to obtain most favorable interest rate for the loan in order to reduce the interest expense; (iv) the free settlement services provided by Chinalco Finance, which will reduce the financial cost of the Company; proposed the above adjustment to the maximum daily deposit balance (including accrued interests) in the Group's settlement account with Chinalco Finance under the New Financial Services Agreement during the term of the New Financial Services Agreement.

Settlement Services

Pursuant to the Existing Financial Services Agreement, Chinalco Finance agreed to provide settlement services to the Group for free. Pursuant to the New Financial Services Agreement, Chinalco Finance agreed to provide the Group with the settlement services for free, therefore no annual cap is required to be set in this regard.

Credit Services

Pursuant to the Existing Financial Services Agreement, the maximum total daily balance of the loans (including accrued interests) provided by Chinalco Finance to the Group shall not exceed RMB10 billion (equivalent to approximately HK\$11.80 billion).

Under the New Financial Services Agreement, the maximum total daily balance of the loans (including accrued interests) provided by Chinalco Finance to the Group shall not exceed RMB15 billion (equivalent to approximately HK\$17.70 billion). The credit services provided by Chinalco Finance to the Group are on normal commercial terms (or better to the Group) where no security over the Group's assets is granted in respect of such loans. Therefore, the credit services are exempt continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules, and no annual cap is required to be set in this regard.

Miscellaneous Financial Services

Pursuant to the Existing Financial Services Agreement, Chinalco Finance agreed to provide miscellaneous financial services with total annual fees payable to Chinalco Finance by the Group not exceeding RMB50 million (equivalent to approximately HK\$59 million). Under the New Financial Services Agreement, the Company expects that the total annual fees payable to Chinalco Finance by the Group during the term of the New Financial Services Agreement becoming effective will not exceed RMB50 million (equivalent to approximately HK\$59 million). As each of the percentage ratios (if applicable) will be below the de minimis threshold set out in Rule 14A.76 of the Hong Kong Listing Rules, the provision of miscellaneous financial services by Chinalco Finance to the Group will be exempt from the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules, and no annual cap is required to be set in this regard.

VI. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As Chinalco is the controlling shareholder of the Company, directly or indirectly, holding approximately 34.77% of the issued share capital of the Company, Chinalco is a connected person of the Company under the Hong Kong Listing Rules. As Chinalco holds 100% equity interests in Chinalco Finance, Chinalco Finance is a subsidiary of Chinalco and a connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the relevant percentage ratio calculated in accordance with the Hong Kong Listing Rules for deposit services under the New Financial Services Agreement exceeds 5%, the deposit services to be provided by Chinalco Finance to the Group are subject to the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

As the credit services to be provided by Chinalco Finance to the Group are on normal commercial terms, similar to or more favourable than those offered by commercial banks in the PRC for the provision of comparable services and are in the interest of the Group. No security over the assets of the Group is granted to Chinalco or Chinalco Finance in respect of such loans. Therefore, the loan services to be provided by Chinalco Finance to the Group under the New Financial Services Agreement are exempt from all reporting, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Hong Kong Listing Rules.

In respect of the provision of miscellaneous financial services by Chinalco Finance to the Group, as each of the percentage ratios (if applicable) is below the de minimis threshold set out in Rule 14A.76 of the Hong Kong Listing Rules, the provision of miscellaneous financial services by Chinalco Finance to the Group will be exempt from the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

The Independent Board Committee will be established to provide advice to the Independent Shareholders in respect of the New Financial Services Agreement and the transactions contemplated thereunder. VBG Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

VII. INFORMATION ON THE PARTIES

Information on the Company

The Company is 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. The Group principally engages in the exploration and mining of bauxite and coal; production, sales and technology research of alumina, primary aluminum and aluminum alloy products; international trade; logistics business; thermal and new energy power generation.

Information of Chinalco Finance

Chinalco Finance is a limited liability company incorporated in the PRC, which is a wholly-owned subsidiary of Chinalco. Its registered capital is RMB2.5 billion, and its business scope includes provision of finance services and financing consultancy services, credit verification and related consultancy and agency services to member companies; provision of assistance to member companies in payment and receipt of transaction proceeds; provision of approved insurance agency services; provision of guarantees to member companies; provision of intra-group entrusted loans and entrusted investment to member companies (investments in fixed-income and marketable securities only); provision of draft acceptance and discounting services to member companies; provision of intra-group transfer and settlement services to member companies and planning of clearing and settlement scheme; provision of deposit services to member companies; provision of loans and financial leasing to member companies; provision of counterpart loans; underwriting of corporate bonds for member companies; investment in marketable securities (other than stock investment).

VIII. GENERAL

At the sixteenth meeting of the sixth session of the Board of the Company held on 26 October 2017, the New Financial Services Agreement and the transactions contemplated thereunder were considered and approved.

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 transactions contemplated under the New Financial Services Agreement. Saved as disclosed above, none of the Directors has any material interest in the transactions contemplated under the New Financial Services Agreement and therefore none of the other Directors has abstained from voting on such Board resolution.

The Directors (including independent non-executive Directors) consider that the New Financial Services Agreement has been negotiated on arm's length basis and is entered into in the ordinary course of business and on normal commercial terms or better. The terms of the New Financial Services Agreement, the transactions contemplated thereunder, the proposed cap of the daily deposit balance (including accrued interests) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

An EGM will be convened by the Company to seek the Independent Shareholders' approval regarding the deposit services under the New Financial Services Agreement. A circular containing, among others, the resolution in relation to the New Financial Services Agreement will be dispatched to the Shareholders on 3 November 2017. A supplemental circular containing, among others, (i) details of the New Financial Services Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice by an independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders on or before 5 December 2017 as the Company requires additional time to prepare and finalize certain information to be contained in the supplemental circular to enable the Shareholders to make their informed decisions at the EGM.

IX. DEFINITIONS

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

“A Share(s)”	the domestic share(s) issued by the Company and subscribed for in RMB, which are listed on the Shanghai Stock Exchange;
“ADS(s)”	the American Depositary 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;
“Board”	the board of Directors of the Company;
“CBRC”	China Banking Regulatory Commission
“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 34.77% of the total issued share capital of the Company as at the date of this announcement;

“Chinalco Finance”	Chinalco Finance Co., Ltd. (中鋁財務有限責任公司), a limited liability company incorporated in the PRC, which is held as to 100% by Chinalco. Chinalco Finance is a non-banking financial institution legally established with the approval of the CBRC and is a professional institution engaging in corporate financial services;
“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 Listing Rules
“Director(s)”	the director(s) of the Company;
“EGM”	the 2017 second extraordinary general meeting to be held by the Company, for the purposes of considering and approving, among others, the continuing connected transactions contemplated under the New Financial Services Agreement and the relevant proposed annual caps;
“Existing Financial Services Agreement”	the agreement entered into between Chinalco Finance and the Company on 28 April 2015, pursuant to which Chinalco Finance agreed to provide, and the Company agreed to accept the financial services specified thereunder;
“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;

“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;
“Independent Board Committee”	the independent committee of the Board, the members of which consist of the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the New Financial Services Agreement ;
“Independent Shareholder(s)”	Shareholders other than Chinalco and its associates, who are not required to abstain from voting on the resolution proposed at the EGM for approving the continuing connected transactions contemplated under the New Financial Services Agreement and the relevant proposed annual caps;
“New Financial Services Agreement”	the financial services agreement entered into between Chinalco Finance and the Company on 26 October 2017 to revise the caps under the existing financial services agreement entered into on 28 April 2015 between the same parties and to renew the continuing connected transactions contemplated thereunder;
“PBOC”	the People’s Bank of China, the central bank of the PRC ;
“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;
“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
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1 = HK\$1.18 has been used, where applicable, for illustrative purpose only and not constitute a representation that any amount has been, could have been or may be exchanged at such rate.

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

Beijing, the PRC
26 October 2017

As at the date of this announcement, the members of the Board comprise Mr. Yu Dehui, Mr. Ao Hong, Mr. Lu Dongliang and Mr. Jiang Yinggang (Executive Directors); 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*