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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
DISCLOSEABLE TRANSACTION
PROPOSED INTRODUCTION OF THIRD-PARTY INVESTORS
FOR CAPITAL CONTRIBUTION TO CERTAIN SUBSIDIARIES**

Reference is made to the announcement of the Company dated 26 October 2017 in relation to the Company's proposed introduction of third-party investors for capital contribution to certain subsidiaries.

On 4 December 2017, the Company and the Investors entered into the Chalco Shandong Investment Agreements, the Zhongzhou Aluminum Investment Agreements, the Baotou Aluminum Investment Agreements and the Chalco Mining Investment Agreements, respectively. On the same day, the Company, Chalco Mining and the Investors entered into the Chalco Mining Debt Conversion Agreements, respectively. Pursuant to these agreements, the Investors respectively agreed to make capital contribution to the Target Companies in accordance with the terms and conditions of their respective Investment Agreements.

Upon the Proposed Capital Contribution, the Company's equity interest in the Target Companies will be diluted. Accordingly, the transactions contemplated under the Investment Agreements will constitute deemed disposals of the Company under Chapter 14 of the Hong Kong Listing Rules. Having considered the implications of the Rule 14.22 and Rule 14.23 of the Hong Kong Listing Rules, the Company aggregated the transactions contemplated under the Investment Agreements. As the highest applicable percentage ratio upon aggregation is higher than 5% but less than 25%, the transactions contemplated under the Investment Agreements constitute a discloseable transaction of the Company and shall be subject to reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

The Proposed Capital Contribution was considered by the Board, after its deliberate and prudent consideration, to have comparatively significant meanings to the Company. Therefore, the Company would like to seek approval for the Proposed Capital Contribution from the Shareholders at the EGM. The circular of the 2017 second extraordinary general meeting in relation to, among other things, the Proposed Capital Contribution has been despatched to the Shareholders on 3 November 2017, and the supplemental circular of the 2017 second extraordinary general meeting in relation to, among other things, the Proposed Capital Contribution will be despatched to the Shareholders on 5 December 2017.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 26 October 2017 in relation to the Company's proposed introduction of third-party investors for capital contribution to certain subsidiaries.

On 4 December 2017, the Company and the Investors entered into the Chalco Shandong Investment Agreements, the Zhongzhou Aluminum Investment Agreements, the Baotou Aluminum Investment Agreements and the Chalco Mining Investment Agreements, respectively. On the same day, the Company, Chalco Mining and the Investors entered into the Chalco Mining Debt Conversion Agreements, respectively. Pursuant to these agreements, the Investors respectively agreed to make capital contribution to the Target Companies in accordance with the terms and conditions of their respective Investment Agreements.

II. THE INVESTMENT AGREEMENTS

The major terms of each of the Investment Agreements are about the same, which are summarized as follows:

Date: 4 December 2017

Parties: The parties under the Chalco Shandong Investment Agreements, the Zhongzhou Aluminum Investment Agreements, the Baotou Aluminum Investment Agreements and the Chalco Mining Investment Agreements are (i) the Company and (ii) the Investors;

The parties under the Chalco Mining Debt Conversion Agreements are (i) the Company, (ii) Chalco Mining and (iii) the Investors.

To the best of the Directors' knowledge, information and belief after having made all reasonable inquiries, as at the date of this announcement, China Cinda and its close associates, CPIC Life as well as China Life and its close associates, held 133,685,331, 16,668,900 and 41,478,108 A Shares of the Company, respectively (representing approximately 0.90%, 0.11% and 0.28% of the total issued share capital of the Company, respectively), and Mr. Wang Jun, a Director of the Company, concurrently serves as the business director in China Cinda. Save as disclosed above, all Investors and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Consideration:**(1) Chalco Shandong Investment Agreements**

The consideration to be paid pursuant to the Chalco Shandong Investment Agreements and, upon completion of the Proposed Capital Contribution, the percentage of equity interest of Chalco Shandong to be held by each of the Investors are set out below:

Investor	Consideration <i>(RMB'000)</i>	Equity interest of Chalco Shandong to be held <i>(%)</i>
Huarong Ruitong	255,714.3	4.40
China Life	1,022,857.1	17.60
Zhaoping Investment	127,857.1	2.20
CPIC Life	127,857.1	2.20
BOC Financial	102,285.7	1.76
ICBC Financial	102,285.7	1.76
ABC Financial	51,142.9	0.88

An aggregate contribution of approximately RMB1,790,000 thousand will be made by the Investors to acquire approximately 30.80% of equity interest of Chalco Shandong. The consideration under the Chalco Shandong Investment Agreements was determined by the Company through reasonable negotiations with the Investors with reference to the appraised value of the net assets of Chalco Shandong as at the Valuation Benchmark Date (being approximately RMB4,022,553.7 thousand) as set out on the valuation report prepared by China United Assets Appraisal using the asset-based approach.

(2) Zhongzhou Aluminum Investment Agreements

The consideration to be paid pursuant to the Zhongzhou Aluminum Investment Agreements and, upon completion of the Proposed Capital Contribution, the percentage of equity interest of Zhongzhou Aluminum to be held by each of the Investors are set out below:

Investor	Consideration (RMB'000)	Equity interest of Zhongzhou Aluminum to be held (%)
Huarong Ruitong	342,714.3	5.27
China Life	1,370,857.1	21.09
Zhaoping Investment	171,357.1	2.64
CPIC Life	171,357.1	2.64
BOC Financial	137,085.7	2.11
ICBC Financial	137,085.7	2.11
ABC Financial	68,542.9	1.05

An aggregate contribution of approximately RMB2,399,000 thousand will be made by the Investors to acquire approximately 36.90% of equity interest of Zhongzhou Aluminum. The consideration under the Zhongzhou Aluminum Investment Agreements was determined by the Company through reasonable negotiations with the Investors with reference to the appraised value of the net assets of Zhongzhou Aluminum as at the Valuation Benchmark Date (being approximately RMB4,102,523.1 thousand) as set out on the valuation report prepared by China United Assets Appraisal using the asset-based approach.

(3) Baotou Aluminum Investment Agreements

The consideration to be paid pursuant to the Baotou Aluminum Investment Agreements and, upon completion of the Proposed Capital Contribution, the percentage of equity interest of Baotou Aluminum to be held by each of the Investors are set out below:

Investor	Consideration <i>(RMB'000)</i>	Equity interest of Baotou Aluminum to be held <i>(%)</i>
Huarong Ruitong	377,257.1	3.67
China Life	1,509,028.6	14.67
Zhaoping Investment	188,628.6	1.83
CPIC Life	188,628.6	1.83
BOC Financial	150,902.9	1.47
ICBC Financial	150,902.9	1.47
ABC Financial	75,451.4	0.73

An aggregate contribution of approximately RMB2,640,800 thousand will be made by the Investors to acquire approximately 25.67% of equity interest of Baotou Aluminum. The consideration under the Baotou Aluminum Investment Agreements was determined by the Company through reasonable negotiations with the Investors with reference to the appraised value of the net assets of Baotou Aluminum as at the Valuation Benchmark Date (being approximately RMB7,644,724.6 thousand) as set out on the valuation report prepared by China United Assets Appraisal using the income approach.

(4) Chalco Mining Investment Agreements and Chalco Mining Debt Conversion Agreements

The consideration to be paid pursuant to the Chalco Mining Investment Agreements and the Chalco Mining Debt Conversion Agreements and, upon completion of the Proposed Capital Contribution, the percentage of equity interest of Chalco Mining to be held by each of the Investors are set out below:

Investor	Consideration (RMB'000)	Equity interest of Chalco Mining to be held (%)
Huarong Ruitong	4,024,314.3	56.59
China Life	97,257.1	1.37
Zhaoping Investment	1,012,157.1	14.23
China Cinda	500,000.0	7.03
CPIC Life	12,157.1	0.17
BOC Financial	109,725.7	1.54
ICBC Financial	9,725.7	0.14
ABC Financial	4,862.9	0.07

An aggregate contribution of approximately RMB5,770,200 thousand will be made by the Investors to acquire approximately 81.14% of equity interest of Chalco Mining. The consideration under the Chalco Mining Investment Agreements and the Chalco Mining Debt Conversion Agreements was determined by the Company through reasonable negotiations with the Investors with reference to the appraised value of the net assets of Chalco Mining as at the Valuation Benchmark Date (being approximately RMB1,341,565.0 thousand) as set out on the valuation report prepared by China United Assets Appraisal using the asset-based approach.

Payment:

(1) *Chalco Shandong Investment Agreements, Zhongzhou Aluminum Investment Agreements and Baotou Aluminum Investment Agreements*

The consideration shall be settled in cash by the Investors.

The Investors shall remit the consideration to the designated accounts of the Target Companies on the next business day following the satisfaction of all conditions precedent to the Investment Agreements.

(2) *Chalco Mining Investment Agreements and Chalco Mining Debt Conversion Agreements*

Pursuant to the Chalco Mining Investment Agreements and the Chalco Mining Debt Conversion Agreements, the capital contribution to Chalco Mining shall be settled by the Investors with RMB5,600,000 thousand of the principal of the Convertible Debts due from Chalco Mining, and RMB170,200 thousand in cash.

Prior to the entering into of the Chalco Mining Debt Conversion Agreements, the principal of the ordinary debts owed by Chalco Mining to the Investors totaled RMB5,600,000 thousand, particulars of which are set out below:

Investor	Principal of debts <i>(RMB'000)</i>	Interest rate
Huarong Ruitong	4,000,000.0	4.35%
Zhaoping Investment	1,000,000.0	4.35%
China Cinda	500,000.0	4.35%
BOC Financial	100,000.0	4.35%

Pursuant to the Chalco Mining Debt Conversion Agreements, the principal of the abovementioned ordinary debts will be treated as capital contribution from the Investors and will be converted into equity interest of Chalco Mining, namely as the Convertible Debts.

In summary, the payment details in respect of the consideration for the Proposed Capital Contribution to Chalco Mining by each of the Investors under the Chalco Mining Investment Agreements and the Chalco Mining Debt Conversion Agreements are set out below:

Investor	Form of capital contribution	Payment details of consideration <i>(RMB'000)</i>
Huarong Ruitong	Cash and principal of debts	(i) Cash: 24,314.3; (ii) Principal of debts: 4,000,000.0
China Life	Cash	Cash: 97,257.1
Zhaoping Investment	Cash and principal of debts	(i) Cash: 12,157.1; (ii) Principal of debts: 1,000,000.0
China Cinda	Principal of debts	Principal of debts: 500,000.0
CPIC Life	Cash	Cash: 12,157.1
BOC Financial	Cash and principal of debts	(i) Cash: 9,725.7; (ii) Principal of debts: 100,000.0
ICBC Financial	Cash	Cash: 9,725.7
ABC Financial	Cash	Cash: 4,862.9

The Investors shall remit the consideration payable in cash to the designated account of Chalco Mining on the next business day following the satisfaction of all conditions precedent. All Convertible Debts due to the Investors will be injected as capital contribution into Chalco Mining on the same day.

Conditions precedent: The conditions precedent to the Investment Agreements and the transaction contemplated thereunder include:

- (1) the Proposed Capital Contribution by way of agreement (pursuant to which, it is unnecessary to publicly solicit counterparties via the equity exchange in accordance with the PRC state-owned assets supervision and administration regulations) having been approved by competent authorities; and
- (2) the Proposed Capital Contribution having been approved by the Board and the general meeting of the Company.

Unless otherwise agreed between the Company and the Investors, the Investment Agreements and the relevant capital contribution shall be terminated and will not proceed if any of the conditions precedent set out above is not satisfied on or before 31 March 2018.

As at the date of this announcement, the Proposed Capital Contribution had been approved by the Board. The Company is now waiting to obtain the approval document(s) from the competent authority (i.e. Chinalco) in respect of the Proposed Capital Contribution to be made by way of agreement.

Completion:

The Company shall procure the Target Companies to make an application to competent industrial and commercial administration for change of registration particulars in connection with the Proposed Capital Contribution within three business days upon completion of the Proposed Capital Contribution, and the Investors shall provide necessary information and assistance in fulfilling relevant procedures.

In the event that the Proposed Capital Contribution is abandoned due to the failure in fulfillment of any conditions precedent or the Investors withdraw because the Company fails to complete the procedures for change of business registration particulars to register the Investors as shareholders of the Target Companies within 30 days after the Capital Contribution Date, as the case may be, the Company shall acquire the Convertible Debts or refund the capital contribution to the Investors in cash.

In the event that the Target Companies become involved in bankruptcy, dissolution, liquidation or any other event that may result in a significant change in their status quo during the period in which the Company is in charge of their business operations, or the subsequent reorganisation cannot be realised, the Investors shall have the right to request assistance from the Company in transferring the Target Equity held by them (for which the Company has the right of first refusal) and, if the proceeds from such transfer are less than the sum of the capital contribution in exchange for the Target Equity and reasonable interest accrued thereon, such shortfall shall be indemnified by the Company. As the indemnities to be provided by the Company for the Investors for the shortfall as appropriate under the terms of the Investment Agreements constitute indemnities under Chapter 14 of the Hong Kong Listing Rules and the highest applicable percentage ratio in respect thereof is more than 5% but less than 25%, such indemnities constitute a discloseable transaction of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

**Profit or loss during
the transition
period:**

The profit or loss recorded by the Target Companies during the period commencing from the Valuation Benchmark Date and ending on the Capital Contribution Date shall be enjoyed or borne jointly by the Company and the Investors in proportion to their respective shareholdings upon the capital contribution.

**Concerted Action
Arrangement:**

As the investors of the Target Companies, the Investors voluntarily become the persons acting in concert with the Company. When voting at the shareholders' meeting and board meeting of the Target Companies, the Investors and the directors appointed by them undertake to act in accordance with the instructions from the Company and in concert with the Company. However, in no event shall the Investors be considered as the persons acting in concert with Chinalco at the Company's level, and except that all the Investors' consent is obtained, the asset-liability ratio of the Target Companies shall not exceed 70%, and the Target Companies shall not increase or decrease their capital contribution, merge, spin off, change main business or dispose core asset and the Company shall not transfer the equity interest held by it in the Target Companies. There is no restriction imposed on the Investors regarding the transfer of the Target Equity under the Investment Agreements.

**Subsequent
Reorganisation:**

Within 12 months following the Capital Contribution Date, the Company shall work with the Investors to start the transaction of acquiring the Target Equity from the Investors through issuance of the A Shares by the Company to the Investors.

As at the date of this announcement, the Company has not finalised any concrete plan or agreement in respect of the aforesaid subsequent reorganisation. The Company will perform its compliance obligation in accordance with the applicable requirements of the Hong Kong Listing Rules as and when appropriate.

III. INFORMATION ON THE VALUATION REPORTS

China United Assets Appraisal, a PRC qualified valuer, has been engaged by the Company to assess the market value of the total shareholders' equity of each of Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining as at the Valuation Benchmark Date in accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission of the State Council. The scope of valuation covers all the assets and relevant liabilities of each of Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining, including current assets, non-current assets and associated liabilities, for all of which the Valuation Benchmark Date is 31 August 2017.

A. Chalco Shandong

The valuation performed by China United Assets Appraisal on Chalco Shandong is based on the assumptive premises of continuous use and open market, taking into account the actual circumstances of Chalco Shandong and various factors. After implementation of valuation procedures including checking and verification, on-site inspection, market research and inquiry, assessment and estimation, China United Assets Appraisal has arrived at the following valuation conclusion in respect of the total shareholders' equity of Chalco Shandong under the asset-based approach as at the Valuation Benchmark Date:

The carrying value and appraised value of the total assets are approximately RMB6,335,712.0 thousand and RMB7,435,403.9 thousand respectively, representing a valuation appreciation of approximately RMB1,099,691.9 thousand or 17.36%;

The carrying value and appraised value of the liabilities are approximately RMB3,439,162.0 thousand and RMB3,412,850.2 thousand respectively, representing a valuation depreciation of approximately RMB26,311.8 thousand or 0.77%;

The carrying value and appraised value of the net assets are approximately RMB2,896,550.0 thousand and RMB4,022,553.7 thousand respectively, representing a valuation appreciation of approximately RMB1,126,003.7 thousand or 38.87%.

B. Zhongzhou Aluminum

The valuation performed by China United Assets Appraisal on Zhongzhou Aluminum is based on the assumptive premises of continuous use and open market, taking into account the actual circumstances of Zhongzhou Aluminum and various factors. After implementation of valuation procedures including checking and verification, on-site inspection, market research and inquiry, assessment and estimation, China United Assets Appraisal has arrived at the following valuation conclusion in respect of the total shareholders' equity of Zhongzhou Aluminum under the asset-based approach as at the Valuation Benchmark Date:

The carrying value and appraised value of the total assets are approximately RMB7,727,447.1 thousand and RMB8,433,796.4 thousand respectively, representing a valuation appreciation of RMB706,349.3 thousand or 9.14%;

The carrying value and appraised value of the liabilities are approximately RMB4,341,401.5 thousand and RMB4,331,273.3 thousand respectively, representing a valuation depreciation of approximately RMB10,128.2 thousand or 0.23%;

The carrying value and appraised value of the net assets are approximately RMB3,386,045.6 thousand and RMB4,102,523.1 thousand respectively, representing a valuation appreciation of approximately RMB716,477.5 thousand or 21.16%.

C. Baotou Aluminum

The valuation performed by China United Assets Appraisal on Baotou Aluminum is based on the assumptive premises of continuous use and open market, taking into account the actual circumstances of Baotou Aluminum and various factors. After implementation of valuation procedures including checking and verification, on-site inspection, market research and inquiry, assessment and estimation, China United Assets Appraisal has arrived at the following valuation conclusion in respect of the total shareholders' equity of Baotou Aluminum under the income approach as at the Valuation Benchmark Date:

The carrying value and appraised value of the net assets are approximately RMB4,162,389.3 thousand and RMB7,644,724.6 thousand respectively, representing a valuation appreciation of approximately RMB3,482,335.3 thousand or 83.66%.

As the valuation report of Baotou Aluminum prepared by China United Assets Appraisal was based on the income approach, the valuation constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. In preparing the valuation report, China United Assets Appraisal adopted the following major assumptions (including commercial assumptions):

- i. Transaction assumption: assuming that all the assets to be valued are already in the process of transaction and the valuer carries out the valuation based on a simulated market which involves the transaction conditions of the assets to be valued. Transaction assumption is the basic assumption for the valuation of assets;
- ii. Open market assumption: assuming that both parties of the assets transaction or the proposed assets transaction in the market are in equal position and have opportunities and time to obtain sufficient market information, so as to make rational judgments on the functions, purposes and transaction prices of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market;
- iii. Asset going concern assumption: means that the valuation method, parameters and basis shall be determined in accordance with the condition that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof;
- iv. The external economic environment remains unchanged and the current national macroeconomic conditions will not change significantly as at the Valuation Benchmark Date;
- v. There will be no significant change in the social and economic environment where the enterprise operates and the applicable policies on tax and tax rate, etc.;
- vi. The assets under valuation are based on the actual inventory as at the Valuation Benchmark Date, and the current market value of relevant assets is based on the effective domestic price as at the Valuation Benchmark Date;

- vii. The valuer has made reference to the latest 5-year price forecasts of investment banks published by Bloomberg in the evaluation and discussed the same with the management of the enterprise. Upon analysis, the management of the enterprise is of the view that future aluminum price forecasts are arrived at based on the sales price of aluminum products of the enterprise in the relevant year and with reference to the future fluctuation in the expected average price of investment banks, and therefore may represent the future price changes of its major aluminum products. In the light of the foregoing analysis, future aluminum prices are assumed to change in line with the latest price forecasts of investment banks in the evaluation;
- viii. Assuming that the basic information and financial information provided by the principal and the appraised enterprise is true, accurate and complete;
- ix. The scope of the valuation is subject to the application form for valuation provided by the principal and the appraised enterprise, without taking into account the contingent assets or contingent liabilities, if any, not included in the list provided by the principal and the appraised enterprise;
- x. The impact of inflation is not taken into account in the selection of the value of the parameters in the valuation.

In terms of the basis for preparation of profit forecast, the forecast methods adopted by China United Assets Appraisal for the major items of income and expense of Baotou Aluminum are set out below:

(1) Operating revenue forecast

The appraised enterprise is primarily engaged in production and sales of aluminum ingots and molten aluminum. The future sales revenues of the appraised enterprise are calculated based on sales volume and selling price of each of aluminum ingots, molten aluminum and other products.

- (i) Selling price forecast: The future selling price movement used in the valuation was arrived at based on the actual selling prices of the appraised enterprise in 2017 and by reference to the corresponding price fluctuation in the latest 5-year price forecasts of investment banks published by Bloomberg in June 2017.

- (ii) Sales volume forecast: The future sales volume of each product was calculated by reference to the production capacity of the appraised enterprise approved by competent government authority, the actual capacity and utilization rate thereof as well as the production schedule of the appraised enterprise.

(2) Operating cost forecast

In projecting the future operating cost, the cost of principal operations was projected based on such factors as historical price movements of materials including alumina, calcined coke and purchased calcined briquettes and unit consumption and price movement trend of coal and electricity externally purchased and other fuels and power sources, as well as the staff remuneration policy, and by reference to the management's analysis on price movement trends of each type of products.

Ernst & Young, the reporting auditor of the Company, has reviewed the arithmetic accuracy of calculations of relevant forecasts based on the income approach in the valuation, which does not involve the adoption of accounting policies. The Board confirms that the profit forecast on equity interest of Baotou Aluminum contained in the valuation report has been made after due and careful enquiry and is fair and reasonable. The letters issued by Ernst & Young and the Board are set forth in Appendix I to this announcement.

The qualification of each of the experts who have given opinions or advices contained in this announcement is set out below:

Name	Qualification	Date of opinion or advice given
Ernst & Young	Certified Public Accountants	4 December 2017
China United Assets Appraisal	Qualified PRC valuer	20 October 2017

As at the date of this announcement, as far as the Directors are aware, neither of the experts named above had any beneficial interests in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for any shares, convertible securities, warrants, options or derivative securities which carry voting rights in any member of the Group.

Each of the experts named above has given and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its letter or report and/or references to its name.

D. Chalco Mining

The valuation performed by China United Assets Appraisal on Chalco Mining is based on the assumptive premises of continuous use and open market, taking into account the actual circumstances of Chalco Mining and various factors. After implementation of valuation procedures including checking and verification, on-site inspection, market research and inquiry, assessment and estimation, China United Assets Appraisal has arrived at the following valuation conclusion in respect of the total shareholders' equity of Chalco Mining under the asset-based approach as at the Valuation Benchmark Date:

The carrying value and appraised value of the total assets are approximately RMB8,872,515.1 thousand and RMB9,407,277.7 thousand respectively, representing a valuation appreciation of approximately RMB534,762.6 thousand or 6.03%;

The carrying value and appraised value of the liabilities are approximately RMB8,065,712.7 thousand and RMB8,065,712.7 thousand respectively, without any valuation appreciation or depreciation;

The carrying value and appraised value of the net assets are approximately RMB806,802.4 thousand and RMB1,341,565.0 thousand respectively, representing a valuation appreciation of approximately RMB534,762.6 thousand or 66.28%.

The Board hereby confirms that there has been no material change of the Target Companies that may have an impact on the valuations of the Target Companies set out in the valuation reports during the period from the Valuation Benchmark Date to the date of entering into the Investment Agreements.

The Directors of the Company, having taken into comprehensive consideration the valuations conducted by China United Assets Appraisal on each of the Target Companies, are of the view that the valuation methods adopted for preparation of, and the valuation opinions and other contents contained in, the valuation reports are fair and reasonable and that the valuations fairly reflect the market values of the equity interest held by the Company in the Target Companies.

IV. INFORMATION ON THE PARTIES

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 and other resources; production, sales and technology research and development of alumina, primary aluminium and aluminium alloy products; international trade; logistics business; thermal and new energy power generation, etc.

Huarong Ruitong, a limited liability company incorporated in the PRC and a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd.* (中國華融資產管理股份有限公司) (“**China Huarong**”), was established in January 2017 specialising in debt-to-equity swap business. It serves as an entity through which China Huarong participates in the Proposed Capital Contribution.

China Life is a joint stock company incorporated in the PRC with limited liability, the H shares, A shares and the American depository shares of which are listed on the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange, respectively. China Life is a leading life insurance company and the largest institutional investor in the PRC, and by virtue of its controlling shareholding in China Life Asset Management Company Limited, is one of the largest insurance asset management companies in the PRC.

Zhaopin Investment is a limited liability partnership incorporated in the PRC with Shenzhen China Merchants-Ping An Asset Management Co., Ltd.*(深圳市招商平安投資管理有限公司) and Shenzhen China Merchants-Ping An Asset Management Corporation Limited*(深圳市招商平安資產管理有限責任公司) as its limited partners and China Merchants Investment Management (Shenzhen) Co., Ltd.*(招商投資管理深圳)有限公司) as its general partner, and is principally engaged in investment in industrial projects. Zhaoping Investment serves as an entity through which Shenzhen China Merchants-Ping An Asset Management Corporation Limited.*(深圳市招商平安資產管理有限責任公司) participates in the Proposed Capital Contribution.

CPIC Life is a joint stock company incorporated in the PRC with limited liability, and principally engaged in providing a wide variety of personal insurance coverages, including life insurance, health insurance, accident insurance, etc.

China Cinda is a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Hong Kong Stock Exchange. It is principally engaged in the provision of distressed asset management, investment and asset management and financial services with a focus on distressed asset management.

BOC Financial, a limited liability company incorporated in the PRC, is one of the first bank-affiliated entities established with the approval of the China Banking Regulatory Commission to specialise in market-driven debt-to-equity swap business in the PRC. It is principally engaged in market-driven debt-to-equity swap business.

ICBC Financial, a limited liability company incorporated in the PRC, is one of the first bank-affiliated entities established with the approval of the China Banking Regulatory Commission to specialise in market-driven debt-to-equity swap business in the PRC. It is principally engaged in market-driven debt-to-equity swap business.

ABC Financial, a limited liability company incorporated in the PRC, is one of the first bank-affiliated entities established with the approval of the China Banking Regulatory Commission to specialise in market-driven debt-to-equity swap business in the PRC. It is principally engaged in market-driven debt-to-equity swap business.

V. INFORMATION ON TARGET COMPANIES

A. Information on Chalco Shandong

Chalco Shandong is a limited liability company incorporated in the PRC, principally engaged in production and sales of alumina, aluminum hydroxide and refined alumina.

As at 31 August 2017, the audited carrying values of the consolidated total assets and net assets of Chalco Shandong were approximately RMB6,638,712.3 thousand and approximately RMB2,925,285.1 thousand, respectively. The key consolidated financial data of Chalco Shandong is set out in the table below (prepared under the PRC GAAP):

	For the year ended 31 December 2015 (RMB'000)	For the year ended 31 December 2016 (RMB'000)
Net profit (before taxation and extraordinary items) (<i>Audited</i>)	-373,491.5	376,038.3
Net profit (after taxation and extraordinary items) (<i>Unaudited</i>)	-374,761.3	304,726.4

B. Information on Zhongzhou Aluminum

Zhongzhou Aluminum is a limited liability company incorporated in the PRC, principally engaged in production and sales of metallurgical grade alumina and a variety of alumina products.

As at 31 August 2017, the audited carrying values of the consolidated total assets and net assets of Zhongzhou Aluminum were approximately RMB7,852,344.4 thousand and approximately RMB3,412,240.9 thousand, respectively. The key consolidated financial data of Zhongzhou Aluminum is set out in the table below (prepared under the PRC GAAP):

	For the year ended 31 December 2015 (RMB'000)	For the year ended 31 December 2016 (RMB'000)
Net profit (before taxation and extraordinary items) (<i>Audited</i>)	344	39,247
Net profit (after taxation and extraordinary items) (<i>Unaudited</i>)	10,509	-51,081

C. Information on Baotou Aluminum

Baotou Aluminum is a limited liability company incorporated in the PRC, principally engaged in power generation and supply, and production and sales of aluminum, aluminum alloy and relevant processed products.

As at 31 August 2017, the audited carrying values of the consolidated total assets and net assets of Baotou Aluminum were approximately RMB16,374,717.8 thousand and approximately RMB4,904,622.7 thousand, respectively. The key consolidated financial data of Baotou Aluminum is set out in the table below (prepared under the PRC GAAP):

	For the year ended 31 December 2015 (RMB'000)	For the year ended 31 December 2016 (RMB'000)
Net profit (before taxation and extraordinary items) (<i>Audited</i>)	594,495	1,057,812
Net profit (after taxation and extraordinary items) (<i>Unaudited</i>)	148,930	675,157

D. Information on Chalco Mining

Chalco Mining is a limited liability company incorporated in the PRC, principally engaged in mining of bauxite.

As at 31 August 2017, the audited carrying values of the consolidated total assets and net assets of Chalco Mining were approximately RMB8,869,809.1 thousand and approximately RMB802,593.0 thousand, respectively. The key consolidated financial data of Chalco Mining is set out in the table below (prepared under the PRC GAAP):

	For the year ended 31 December 2015 (RMB'000)	For the year ended 31 December 2016 (RMB'000)
Net profit (before taxation and extraordinary items) (<i>Audited</i>)	84,483	4,789
Net profit (after taxation and extraordinary items) (<i>Unaudited</i>)	52,328	-36,751

VI. REASONS FOR AND BENEFITS OF ENTERING INTO SUCH TRANSACTIONS

The Target Companies, being subsidiaries of the Company, are important manufacturers of alumina, electrolytic aluminum and bauxite. Target Companies have high gearing ratios which are adverse to further improvement of their operating capability and profitability, while the Company also has a relatively higher gearing ratio as compared to its industry peers, which made it difficult for the Company to make additional equity capital contribution to the Target Companies in the short term.

Upon the Proposed Capital Contribution, the gearing ratios of the Target Companies will fall significantly. In particular, the gearing ratios of Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining will go down from 56.10% to approximately 29.01%, from 56.54% to approximately 25.99%, from 70.05% to approximately 53.92% and from 90.95% to approximately 25.90%, respectively. Thus, the consolidated gearing ratio of the Company is expected to go down from 72% to approximately 66%, and the problem of high leverage ratios will be alleviated effectively, which is in line with the national policy regarding deleveraging and cost reduction under the supply-side structural reform.

Upon completion of the Proposed Capital Contribution, the Company will work towards a subsequent reorganisation with the Investors to acquire the equity interest held by the Investors in the Target Companies with corresponding consideration to be settled by way of issuance of A Shares of the Company, which makes the goal of lowering the gearing ratios at the end of 2017 more achievable, compared with the financing by way of issuing Shares by the Company.

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

VII. FINANCIAL EFFECTS OF SUCH TRANSACTIONS

The Company currently holds 100% of equity interest in Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining, respectively, thus they are wholly-owned subsidiaries of the Company. Upon completion of the transactions contemplated under the Investment Agreements, the Company will hold 69.20%, 63.10%, 74.33% and 18.86% of equity interest in Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining, respectively, which will remain as subsidiaries of the Company as the other shareholders of Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining will become, at the level of the Target Companies, parties acting in concert with the Company. Therefore, the financial results and positions of Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining will continue to be consolidated into the financial statements of the Group.

Though it is expected that Company will not record any direct investment gains from the transactions contemplated under the Investment Agreements (before deducting taxes and other expenses payable by the Company in respect of the aforementioned disposals), the transactions can effectively reduce the size of the interest-bearing liabilities of the Company and are expected to lower the financing interest rate of the interest-bearing liabilities of the Company. Having considered the above factors, the Company is expected to save the finance costs of approximately RMB700 million for each year in the future, which will lead to an increase of approximately RMB700 million in the total profit of the Company and an increase of approximately RMB300 million in net profit attributable to the parent company. Shareholders should note that, the estimation of the decrease in the finance costs and the effects on the Company's profits upon completion of the aforesaid transactions will not constitute a profit forecast of the Company. The actual finance costs saved arising from the fall of the interest-bearing liabilities of the Company and the actual effects on the Company's profits are also subject to other factors including the market interest rates and the future profitability of the Target Companies.

The proceeds from this transaction are expected to be used for repaying debts of the Target Companies or their subsidiaries.

VIII. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

Mr. Wang Jun, a Director of the Company, serving as the business director in China Cinda, had abstained from voting on the resolution in relation to the proposed introduction of third-party investors for capital contribution to certain subsidiaries by the Company after China Cinda was confirmed to be one of the Investors of this transaction and, to the extent applicable, will voluntarily abstain from voting at the EGM on relevant resolution. As at the date of this announcement, Mr. Wang Jun neither held nor owned any interest in the Shares of the Company. Save as the aforementioned, none of the Directors has any material interests in the transactions contemplated under the Investment Agreements, and thus shall abstain from voting on the Board resolution concerning the proposed introduction of third-party investors for capital contribution to certain subsidiaries by the Company.

Upon the Proposed Capital Contribution, the Company's equity interest in the Target Companies will be diluted. Accordingly, the transactions contemplated under the Investment Agreements will constitute deemed disposals of the Company under Chapter 14 of the Hong Kong Listing Rules. Having considered the implications of the Rule 14.22 and Rule 14.23 of the Hong Kong Listing Rules, the Company aggregated the transactions contemplated under the Investment Agreements. As the highest applicable percentage ratio upon aggregation is higher than 5% but less than 25%, the transactions contemplated under the Investment Agreements constitute a discloseable transaction of the Company and shall be subject to reporting and announcement requirements, but exempt from shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules. The Company will perform its compliance obligation in connection with the subsequent reorganisation and the issuance of A Shares in due course pursuant to relevant requirements of the Hong Kong Listing Rules.

The Proposed Capital Contribution was considered by the Board, after its deliberate and prudent consideration, to have comparatively significant meanings to the Company. Therefore, the Company would like to seek approval for the Proposed Capital Contribution from the Shareholders at the EGM. As at the date of this announcement, China Cinda and its close associates, CPIC Life as well as China Life and its close associates, held 133,685,331, 16,668,900 and 41,478,108 A Shares of the Company, respectively (representing approximately 0.90%, 0.11% and 0.28% of the total issued capital of the Company, respectively). Therefore, they shall abstain from voting on the resolution in relation to the proposed introduction of third-party investors for capital contribution to certain subsidiaries by the Company at the EGM. Save as disclosed above, to the best knowledge, information and belief of the Directors, and after having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders is required to abstain from voting on the resolution in relation to the Proposed Capital Contribution at the EGM.

The circular of the 2017 second extraordinary general meeting in relation to, among other things, the Proposed Capital Contribution has been despatched to the Shareholders on 3 November 2017, and the supplemental circular of the 2017 second extraordinary general meeting in relation to, among other things, the Proposed Capital Contribution will be despatched to the Shareholders on 5 December 2017.

IX. DEFINITIONS

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

“A Share(s)”	the domestic share(s) issued by the Company and subscribed for in RMB, which are listed on the Shanghai Stock Exchange;
“A Shareholder(s)”	holder(s) of A Shares;
“ABC Financial”	ABC Financial Asset Investment Company Limited* (農銀金融資產投資有限公司), a limited liability company incorporated in the PRC;
“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;
“Baotou Aluminum”	Baotou Aluminum Co., Ltd.* (包頭鋁業有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Baotou Aluminum Investment Agreements”	the investment agreements concerning Baotou Aluminum Co., Ltd.* (關於包頭鋁業有限公司之投資協議) dated 4 December 2017 entered into between the Company and the Investors respectively with regard to the aggregate capital contribution of RMB2,640,800 thousand to Baotou Aluminum by the Investors;
“Board”	the board of Directors of the Company;

“BOC Financial”	BOC Financial Asset Investment Co., Ltd.* (中銀金融資產投資有限公司), a limited liability company incorporated in the PRC;
“Capital Contribution Date”	the next business day upon the fulfillment of all conditions precedent of the Investment Agreements;
“Chalco Mining”	Chalco Mining Co., Ltd.* (中鋁礦業有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Chalco Mining Debt Conversion Agreements”	the debt to equity conversion agreements concerning Chalco Mining Co., Ltd.* (關於中鋁礦業有限公司之債轉股協議) dated 4 December 2017 entered into among the Company, Chalco Mining and the Investors, respectively, in relation to the capital contribution by the Investors to Chalco Mining in the amount of RMB5,600,000 thousand which represents the principal of the Convertible Debts due from Chalco Mining to the Investors;
“Chalco Mining Investment Agreements”	the investment agreements concerning Chalco Mining Co., Ltd.* (關於中鋁礦業有限公司之投資協議) dated 4 December 2017 entered into between the Company and the Investors respectively with regard to the aggregate capital contribution of RMB170,200 thousand in cash to Chalco Mining by the Investors;
“Chalco Shandong”	Chalco Shandong Co., Ltd.* (中鋁山東有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Chalco Shandong Investment Agreements”	the investment agreements concerning Chalco Shandong Co., Ltd.* (關於中鋁山東有限公司之投資協議) dated 4 December 2017 entered into between the Company and the Investors respectively with regard to the aggregate capital contribution of RMB1,790,000 thousand to Chalco Shandong by the Investors;

“China Cinda”	China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司), a joint stock company incorporated in the PRC with limited liability;
“Chinalco”	Aluminum Corporation of China* (中國鋁業公司), a wholly state-owned corporation incorporated 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;
“China Life”	China Life Insurance Company Limited* (中國人壽保險股份有限公司), a joint stock company incorporated in the PRC with limited liability;
“China United Assets Appraisal”	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), a PRC qualified valuer which was engaged by the Company to evaluate the value of equity interest of the Target Companies;
“close associate(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“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;
“Convertible Debts”	the ordinary debts owed by Chalco Mining to the Investors prior to the entering into of the Chalco Mining Debt Conversion Agreements, which are to be treated as capital contribution from the Investors and will be converted into equity interest of Chalco Mining pursuant to the Chalco Mining Debt Conversion Agreements;

“CPIC Life”	China Pacific Life Insurance Co., Ltd.* (中國太平洋人壽保險股份有限公司), a joint stock company incorporated in the PRC with limited liability;
“Director(s)”	the director(s) of the Company;
“EGM”	the 2017 second extraordinary general meeting of the Company to be held at the Company’s conference room, No. 62 North Xizhimen Street, Haidian District, Beijing, the PRC at 2:00 p.m. on Wednesday, 20 December 2017;
“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;
“Huarong Ruitong”	Huarong Ruitong Equity Investment Management Co., Ltd.* (華融瑞通股權投資管理有限公司), a limited liability company incorporated in the PRC;
“ICBC Financial”	ICBC Financial Asset Investment Co., Ltd.* (工銀金融資產投資有限公司), a limited liability company incorporated in the PRC;

“Investment Agreements”	collectively, the Chalco Shandong Investment Agreements, the Zhongzhou Aluminum Investment Agreements, the Baotou Aluminum Investment Agreements, the Chalco Mining Investment Agreements and the Chalco Mining Debt Conversion Agreements;
“Investors”	Huarong Ruitong, China Life, Zhaoping Investment, CPIC Life, China Cinda, BOC Financial, ICBC Financial and ABC Financial, or some of them, depending on specific Investment Agreement(s);
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“PRC GAAP”	the generally accepted accounting principles of the PRC;
“Proposed Capital Contribution”	the capital contribution made by the Investors to Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining respectively according to their respective Investment Agreements, either in cash or by Convertible Debts;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	A Shares and H Shares;
“Shareholder(s)”	A Shareholders and H Shareholders;
“subsidiary(ies)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Target Companies”	Chalco Shandong, Zhongzhou Aluminum, Baotou Aluminum and Chalco Mining;
“Target Equity”	the equity interest held by each of the Investors in the Target Companies upon the completion of the Proposed Capital Contribution;

“Valuation Benchmark Date”	31 August 2017;
“Zhaoping Investment”	Shenzhen Zhaoping Chalco Investment Center LLP* (深圳市招平中鋁投資中心(有限合夥)), a limited liability partnership incorporated in the PRC;
“Zhongzhou Aluminum”	Chalco Zhongzhou Aluminum Co., Ltd.* (中鋁中州鋁業有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Zhongzhou Aluminum Investment Agreements”	the investment agreements concerning Chalco Zhongzhou Aluminum Co., Ltd.* (關於中鋁中州鋁業有限公司之投資協議) dated 4 December 2017 entered into between the Company and the Investors respectively with regard to the aggregate capital contribution of RMB2,399,000 thousand to Zhongzhou Aluminum by the Investors;
“%”	per cent.

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

Beijing, the PRC
4 December 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 purposes only

APPENDIX I — LETTERS FROM THE BOARD AND ERNST & YOUNG RELATING TO THE PROFIT FORECAST

As the valuation of the capital contribution to Baotou Aluminum is based on the income approach, it is deemed to be a profit forecast under the Hong Kong Listing Rules. The following is the text of letters from the Board and Ernst & Young on such valuation for the purpose of incorporation in this announcement.

1. LETTER FROM THE BOARD

Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre,
1 Harbour View Street, Central,
Hong Kong

Dear Sir/Madam,

Company: Aluminum Corporation of China Limited* (the “**Company**”)

Re: Profit forecast – Confirmation letter under the requirements of Rule 14.62(3) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

Reference is made to the announcement of the Company dated 4 December 2017 in relation to, among other things, the valuation report dated 20 October 2017 of Baotou Aluminum Co., Ltd.* (“**Baotou Aluminum**”) (the “**Valuation Report**”), which was prepared by China United Assets Appraisal Group Co., Ltd.* (the “**Valuer**”).

The Board of the Company has reviewed and discussed with the Valuer and Ernst & Young, the reporting accountant of the Company (the “**Reporting Accountant**”) the basis and assumptions of the valuation. The Board of the Company has also considered the confirmation letter issued by the Reporting Accountant on 4 December 2017 in relation to the calculations of the profit forecast in the Valuation Report.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board of the Company confirmed that the profit forecast used in the Valuation Report has been made after due and careful enquiry.

**The Board of
Aluminum Corporation of China Limited***
4 December 2017

* For identification purposes only

2. LETTER FROM ERNST & YOUNG

4 December 2017

The Directors
Aluminum Corporation of China Limited
No. 62 North Xizhimen Street, Haidian District, Beijing
The People's Republic of China

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN BAOTOU ALUMINUM CO., LTD.

Dear Sirs,

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 20 October 2017 prepared by China United Assets Appraisal Group Co., Ltd. in respect of Baotou Aluminum Co., Ltd. (“**Baotou Aluminum**”) as at 31 August 2017 is based. The valuation is set out in the announcement of Aluminum Corporation of China Limited (the “**Company**”) dated 4 December 2017 (the “**Announcement**”) in connection with the proposed introduction of third-party investors for capital contribution to certain subsidiaries. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

DIRECTORS' RESPONSIBILITIES

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed “Information on the Valuation Reports” of the Announcement.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a

comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of Baotou Aluminum. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

OPINION

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young

Certified Public Accountants

EY22/F, CITIC Tower, 1 Tim Mei Avenue, Central
Hong Kong