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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
RENEWAL OF CONTINUING CONNECTED TRANSACTION
ENTERING INTO FACTORING COOPERATION AGREEMENT
WITH CHINALCO FACTORING

Reference is made to the announcement of the Company dated 27 September 2017, in relation to entering into the Existing Factoring Cooperation Agreement between the Company and Chinalco Factoring.

As the Existing Factoring Cooperation Agreement will expire on 31 December 2018, the Company and Chinalco Factoring renewed the Factoring Cooperation Agreement on 17 September 2018.

As at the date of this announcement, Chinalco Factoring is a subsidiary of Chinalco, the controlling Shareholder of the Company, and thus is a connected person of the Company under the Hong Kong Listing Rules. As a result, this transaction constitutes a continuing connected transaction of the Company 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 entering into of the Factoring Cooperation Agreement and the determination of the proposed cap thereunder exceeds 5%, the entering into of the Factoring Cooperation Agreement and the proposed cap thereunder are subject to reporting, announcement and independent shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules.

An extraordinary general meeting (“**EGM**”) will be convened by the Company to seek the Independent Shareholders’ approval regarding, among other things, the Factoring Cooperation Agreement and the proposed cap. A circular containing, among others, the resolution in relation to the Factoring Cooperation Agreement and the proposed cap will be dispatched to the Shareholders on or before 13 November 2018. A supplemental circular containing, among others, (i) details of the Factoring Cooperation Agreement and the proposed cap; (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 11 December 2018 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.

1. BACKGROUND

Reference is made to the announcement of the Company dated 27 September 2017, in relation to entering into the Existing Factoring Cooperation Agreement between the Company and Chinalco Factoring.

As the Existing Factoring Cooperation Agreement will expire on 31 December 2018, the Company and Chinalco Factoring renewed the Factoring Cooperation Agreement on 17 September 2018.

2. FACTORING COOPERATION AGREEMENT

2.1. Date

17 September 2018

2.2. Parties

- (1) the Company, as the recipient (for itself and on behalf of its subsidiaries); and
- (2) Chinalco Factoring, as the provider

2.3. Term

Commencing from 1 January 2019 and ending on 31 December 2021.

2.4. Effectiveness of the Agreement

The Factoring Cooperation Agreement shall take effect on 1 January 2019 upon being approved by competent authorities of the parties thereto (including the approval by the Independent Shareholders of the Company) and signed and sealed by the authorized representatives of the parties thereto.

2.5. Factoring Financing Services

Chinalco Factoring has agreed to provide factoring financing services to the Company in accordance with the terms and conditions of the Factoring Cooperation Agreement. In particular, the Company will obtain funds by way of accounts receivable transfer, which means the Company will transfer its accounts receivable to Chinalco Factoring and thereby obtain factoring financing from Chinalco Factoring. When becoming due, such accounts receivable as transferred shall be paid by their debtors to Chinalco Factoring or be repurchased by the Company from Chinalco Factoring.

Subject to the Factoring Cooperation Agreement, the Company shall enter into specific contract(s) or agreement(s) for the relevant specific factoring services to determine detailed transaction terms. Such specific contract(s) or agreement(s) shall be in line with the principles and terms of the Factoring Cooperation Agreement and in compliance with relevant laws and regulations.

2.6. Financing Amount

At any time during the valid period of the Factoring Cooperation Agreement, the balance (including factoring prepayment, factoring fee and factoring handling charges) of factoring business between the Company and Chinalco Factoring shall not exceed RMB3 billion.

2.7. Pricing Principles and Methods of Payment

The financing costs for provision of services by Chinalco Factoring to the Company shall not be higher than the average financing costs for provision of services of same nature as quoted by domestic independent third-party factoring companies.

The Company and Chinalco Factoring shall design the payment methods on a flexible basis according to the specific factoring services, including but not limited to payment by the financing party to accounts receivable or by debtors to accounts receivable or both.

3. THE PROPOSED CAP UNDER THE FACTORING COOPERATION AGREEMENT AND THE DETERMINATION BASIS THEREOF

In consideration of the potential business demands of the Group, the Company proposes to fix the proposed cap for the years from 1 January 2019 to 31 December 2021 at RMB3 billion, which means that at any time during the valid period of the Factoring Cooperation Agreement, the balance of factoring business between the Company and Chinalco Factoring shall not exceed RMB3 billion.

The above proposed cap was determined after taking into account (i) the demand of the Group for accounts receivable financing services; (ii) the historical transaction amounts between the Company and Chinalco Factoring; and (iii) the amount of the accounts receivable as disclosed in the latest financial statements of the Group. Based on the aforementioned, the Board considered the proposed cap under the Factoring Cooperation Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In connection with the continuing connected transactions under the Existing Factoring Cooperation Agreement between the Company and Chinalco Factoring, the cap for the balance (including factoring prepayment, factoring fee and factoring handling charges) of factoring business during the valid period of the agreement was RMB1.3 billion. During the period from 27 September 2017 (i.e., the date of entering into the Existing Factoring Cooperation Agreement by the Company and Chinalco Factoring) to the date of the announcement, the Company recorded an actual maximum balance (including factoring prepayment, factoring fee and factoring handling charges) of factoring business with Chinalco Factoring amounting to approximately RMB1.1 billion, within the limit of the cap of the Existing Factoring Cooperation Agreement.

The Company has adopted a set of effective internal control measures to supervise the continuing connected transactions of the Company. Prior to entering into operative agreements, the authorized departments of the Group will review and assess the specific terms and conditions of the transactions to ensure their consistency with the Factoring Cooperation Agreement and make reference to the current market conditions and the prices quoted from at least two domestic independent third-party factoring companies that provide services of similar nature with comparable scale under normal trading conditions around that time. The financial department of the Company traces, monitors and checks the progress of the continuing connected transactions of the Company on a monthly basis. Meanwhile, the Audit Committee of the Board of the Company will strictly review the continuing connected transactions on a continuous basis to ensure the integrity and effectiveness of the internal control measures regarding the continuing connected transactions.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORING COOPERATION AGREEMENT

The Existing Factoring Cooperation Agreement entered into between the Company and Chinalco Factoring will expire on 31 December 2018. The Factoring Cooperation Agreement and the transactions contemplated thereunder will help to alleviate capital occupation by accounts receivable, satisfy the funding requirement for business development, support continuous business operation, improve the efficiency of capital utilization and maximize benefits.

The Directors (including independent non-executive Directors) are of the view that the transactions contemplated under the Factoring Cooperation Agreement are entered into after arm's length negotiation in the ordinary course of business on normal commercial terms or better, and the terms of the Factoring Cooperation Agreement, the transactions contemplated thereunder and the proposed cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. IMPLICATIONS UNDER HONG KONG LISTING RULES

As at the date of this announcement, Chinalco Factoring is a subsidiary of Chinalco, the controlling Shareholder of the Company, and thus is a connected person of the Company under the Hong Kong Listing Rules. As a result, this transaction constitutes a continuing connected transaction of the Company 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 entering into of the Factoring Cooperation Agreement and the determination of the proposed cap thereunder exceeds 5%, the entering into of the Factoring Cooperation Agreement and the proposed cap thereunder are subject to reporting, announcement and independent shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As Mr. Yu Dehui and Mr. Ao Hong, 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 Factoring Cooperation Agreement. Saved as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Factoring Cooperation Agreement and therefore none of the Directors has abstained from voting on such Board resolution.

The Company proposed to appoint VBG Capital as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, whether the continuing connected transactions under the Factoring Cooperation Agreement and the proposed cap are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Independent Board Committee will be formed to advise the Independent Shareholders as to, among others, the continuing connected transactions under the Factoring Cooperation Agreement and the proposed cap.

An EGM will be convened by the Company to seek the Independent Shareholders' approval regarding, among other things, the Factoring Cooperation Agreement and the proposed cap. A circular containing, among others, the resolution in relation to the Factoring Cooperation Agreement and the proposed cap will be dispatched to the Shareholders on or before 13 November 2018. A supplemental circular containing, among others, (i) details of the Factoring Cooperation Agreement and the proposed cap; (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 11 December 2018 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.

6. INFORMATION ON THE PARTIES

Information on the Company

The Company is a joint stock limited company incorporated in the PRC, the H Shares, A Shares and ADS(s) of which are listed on the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange, respectively. The Group principally engages in the 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 on Chinalco Factoring

Chinalco Factoring is a company incorporated in the PRC with limited liability. It principally engages in provision of trade financing service by way of accounts receivable transferred; settlement, management and collection of accounts receivable; management of sales ledger; investigation and evaluation of clients' credits; relevant advisory services.

7. 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 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;
“Board”	the board of Directors of the Company;
“Chinalco”	Aluminum Corporation of China* (中國鋁業集團有限公司), a wholly state-owned enterprise established in the PRC and the controlling Shareholder of the Company holding directly and indirectly approximately 36.27% of the total issued share capital of the Company as at the date of this announcement;
“Chinalco Factoring”	Chinalco Commercial Factoring (Tianjin) Co., Ltd.* (中鋁商業保理(天津)有限公司), a company incorporated in the PRC with limited liability;
“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;

“Existing Factoring Cooperation Agreement”	the agreement dated 27 September 2017 entered into between the Company and Chinalco Factoring, pursuant to which Chinalco Factoring agreed to provide factoring financing services to the Company, and which will expire on 31 December 2018;
“Factoring Cooperation Agreement”	the agreement dated 17 September 2018 entered into between the Company and Chinalco Factoring, pursuant to which Chinalco Factoring has agreed to provide factoring financing services to the Company, and in which the validity term and financing amount of the Existing Factoring Cooperation Agreement have been revised;
“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 continuing connected transactions under the Factoring Cooperation Agreement and the proposed cap ;
“Independent Shareholder(s)”	Shareholders other than Chinalco and its associates (as defined under the Hong Kong Listing Rules), who are not required to abstain from voting on the resolution proposed at the EGM for approving the continuing connected transactions contemplated under the Factoring Cooperation Agreement and the proposed cap;

“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)”	holders of A Shares and holders of H Shares;
“VBG Capital”	VBG Capital Limited, the independent financial adviser proposed to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Factoring Cooperation Agreements and the transactions contemplated thereunder as well as the proposed cap;
“%”	per cent.

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

Beijing, the PRC
17 September 2018

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