

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中国铝业股份有限公司
ALUMINUM CORPORATION OF CHINA LIMITED*

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

(Stock Code: 2600)

ANNOUNCEMENT

CONNECTED TRANSACTION

**PROPOSED CAPITAL CONTRIBUTION TO CHINALCO
INNOVATIVE WITH 100% EQUITY INTERESTS IN
CHINA ALUMINUM NANHAI ALLOY**

Reference is made to the announcement of the Company dated 22 January 2019 in relation to the approval of the Company's proposed capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy by the Board. The Board is pleased to announce that on 30 January 2019, the Company entered into the Capital Contribution Agreement with Chinalco and Chinalco Innovative, pursuant to which the Company shall make a capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy. Upon completion of the Capital Contribution, Chinalco Innovative will be held as to 19.4852% by the Company and will not become a subsidiary of the Company, and China Aluminum Nanhai Alloy will cease to be a subsidiary of the Company.

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and Chinalco Innovative is a wholly-owned subsidiary of Chinalco. Therefore, both Chinalco and Chinalco Innovative are connected persons of the Company under the Hong Kong Listing Rules. Thus, the transaction contemplated under the Capital Contribution Agreement constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

The transaction contemplated under the Capital Contribution Agreement involves both acquisition and disposal by the Company. Pursuant to relevant requirements under the Hong Kong Listing Rules, the Company shall classify the transaction contemplated under the Capital Contribution Agreement by reference to the higher of the size test percentage ratios in respect of the acquisition and the disposal and, based on the classification, comply with applicable requirements under the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the transaction contemplated under the Capital Contribution Agreement exceeds 0.1% but is less than 5%, the transaction is subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

In accordance with the relevant requirements of the Listing Rules of the Shanghai Stock Exchange, the Company's proposed capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy is required to be proposed at the general meeting for consideration, and therefore the Company will seek approval for such issue from the Shareholders at the EGM.

1. INTRODUCTION

Reference is made to the announcement of the Company dated 22 January 2019 in relation to the approval of the Company's proposed capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy by the Board. The Board is pleased to announce that on 30 January 2019, the Company entered into the Capital Contribution Agreement with Chinalco and Chinalco Innovative, pursuant to which the Company shall make a capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy. Upon completion of the Capital Contribution, Chinalco Innovative will be held as to 19.4852% by the Company and will not become a subsidiary of the Company, and China Aluminum Nanhai Alloy will cease to be a subsidiary of the Company.

2. CAPITAL CONTRIBUTION AGREEMENT

(1) Date

30 January 2019

(2) Parties

- (i) the Company, holding 100% equity interests in China Aluminum Nanhai Alloy prior to the Capital Contribution;
- (ii) Chinalco, holding 100% equity interests in Chinalco Innovative prior to the Capital Contribution; and
- (iii) Chinalco Innovative.

(3) Capital Contribution

The Company has agreed to make a capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy (with a net appraised value of RMB350,925,200), and Chinalco has agreed the Capital Contribution and waived its right to subscribe for the capital contribution to Chinalco Innovative.

Both parties have confirmed that the pricing of the Capital Contribution shall be based on the valuation results of the asset valuation report prepared by Yinxin Appraisal using the asset-based approach with 31 December 2018 as the valuation benchmark date.

Upon completion of the Capital Contribution, Chinalco Innovative will be held as to 19.4852% by the Company and 80.5148% by Chinalco, and its registered capital will increase from the current RMB1,450,000,000 to RMB1,800,911,136.83 (among the capital increment, RMB350,911,136.83 will be included in paid-in capital and the remaining part will be included in capital reserve).

(4) Effectiveness of the agreement

The Capital Contribution Agreement shall take effect upon being:

- (i) duly signed and affixed with official seal by the legal or authorized representative of each of the parties thereto;
- (ii) approved at the general meeting of the Company; and
- (iii) approved by Chinalco's internal competent authorities.

(5) Completion

As agreed among the parties to the Capital Contribution Agreement, the date of completion under the Capital Contribution Agreement shall be the date of receipt of the funds used to subscribe for the Capital Contribution by the Company, which shall be deemed as the effective date of the Capital Contribution Agreement. The Company and Chinalco shall provide proactive cooperation and procure Chinalco Innovative to complete the industrial and commercial registration of changes within 30 working days after the Capital Contribution Agreement takes effect.

(6) Corporate Governance

Upon completion of the Capital Contribution, the Company will neither have seats on the board of directors of Chinalco Innovative nor participate in the operation and management of Chinalco Innovative. The Company and Chinalco shall perform their duties as shareholders in accordance with Company Law of the People's Republic of China and the provisions of the articles of association of Chinalco Innovative.

3. INFORMATION ON CHINALCO INNOVATIVE AND CHINA ALUMINUM NANHAI ALLOY

The Company made a capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy as the consideration. China Aluminum Nanhai Alloy is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement. Its business scope includes: non-ferrous metal processing; domestic trade, import and export of goods, import and export of technologies; wholesale of: non-ferrous metal mineral products, materials and their alloys (intermediate alloys, deformed alloys, cast alloys, die-casting alloys, etc.), non-ferrous metal castings (cast rods, ingots, slab ingots, die castings, castings, sand castings, etc.), non-ferrous metal processing materials (tubes, rods, profiles, plates, strips, foils, etc.); import, recycling, processing, and integrated utilization of waste non-ferrous metals; warehousing management and logistics operation management of various types of goods; property leasing; high-tech development, technical consulting, and technology transfer. According to the asset valuation report prepared by Yinxin Appraisal using asset-based approach with 31 December 2018 as the valuation benchmark date, the book value and appraised value of the net assets of China Aluminum Nanhai Alloy are RMB95,593,800 and RMB350,925,200, respectively.

According to the financial report of China Aluminum Nanhai Alloy prepared in accordance with the generally accepted accounting principles of the PRC, the net profits of China Aluminum Nanhai Alloy for the financial years ended 31 December 2016 and 2017 (before and after taxation and extraordinary items) are set forth as below:

	For the year ended 31 December 2016 <i>(RMB0'000)</i>	For the year ended 31 December 2017 <i>(RMB0'000)</i>
Net profit before taxation and extraordinary items	-1,122.63	27.04
Net profit after taxation and extraordinary items	-1,222.64	51.22

Chinalco Innovative is a limited liability company incorporated in the PRC in May 2018 with a registered capital of RMB1,450,000,000. As at the date of this announcement, it is a wholly-owned subsidiary of Chinalco. The business scope of Chinalco Innovative includes: investment in industrial development; equity investment; asset management, investment management; investment consulting, business management consulting; technology development, technical consulting, and technical services; and import and export business.

According to the asset valuation report prepared by Yinxin Appraisal using asset-based approach with 31 December 2018 as the valuation benchmark date, the book value and appraised value of the net assets of Chinalco Innovative are RMB500,052,900 and RMB500,054,900, respectively.

According to the financial report of Chinalco Innovative prepared in accordance with the generally accepted accounting principles of the PRC, the net profits of Chinalco Innovative for the financial year ended 31 December 2018 (before and after taxation and extraordinary items) are set forth as below:

	For the year ended 31 December 2018 <i>(RMB0'000)</i>
Net profit before taxation and extraordinary items	7.54
Net profit after taxation and extraordinary items	5.30

4. FINANCIAL IMPACT OF THE TRANSACTION

The transaction is the Company's long-term equity investment in Chinalco Innovative and the Company will obtain investment income annually based on its shareholding in Chinalco Innovative. Upon completion of the Capital Contribution, Chinalco Innovative will be held as to 19.4852% by the Company and will not become a subsidiary of the Company, and China Aluminum Nanhai Alloy will cease to be a subsidiary of the Company. As such, the financial results and position of China Aluminum Nanhai Alloy will no longer be consolidated into the financial statements of the Group. The original cost invested in Chinalco Innovative by Chinalco shall be the investment amount contributed by Chinalco since the establishment of Chinalco Innovative. The Directors are of the view that the original cost invested in Chinalco Innovative by Chinalco is not directly related to the determination of the consideration under the Capital Contribution Agreement.

5. REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL CONTRIBUTION AGREEMENT

The transaction is conducive to the Company's revitalization of the idle land assets of China Aluminum Nanhai Alloy and utilization of Chinalco Innovative's flexible investment approaches to achieve resource optimisation and integration and asset appreciation; meanwhile, it is beneficial to the complementation of each other's advantages between the Company and Chinalco Innovative, to achieve combination of industry and investment, mutual benefit and a win-win situation and enhance profitability.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Capital Contribution Agreement is on normal commercial terms, and the terms of the agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. However, such transaction, due to its nature, is not conducted in the ordinary or usual course of business of the Group.

6. IMPLICATIONS UNDER HONG KONG LISTING RULES

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and Chinalco Innovative is a wholly-owned subsidiary of Chinalco. Therefore, both Chinalco and Chinalco Innovative are connected persons of the Company under the Hong Kong Listing Rules. Thus, the transaction contemplated under the Capital Contribution Agreement constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

The transaction contemplated under the Capital Contribution Agreement involves both acquisition and disposal by the Company. Pursuant to relevant requirements under the Hong Kong Listing Rules, the Company shall classify the transaction contemplated under the Capital Contribution Agreement by reference to the higher of the size test percentage ratios in respect of the acquisition and the disposal and, based on the classification, comply with applicable requirements under the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the transaction contemplated under the Capital Contribution Agreement exceeds 0.1% but is less than 5%, the transaction is subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement 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 transaction. Saved as disclosed above, none of the Directors has any material interest in the transaction contemplated under the Capital Contribution Agreement and therefore none of the Directors has abstained from voting on such Board resolution.

In accordance with the relevant requirements of the Listing Rules of the Shanghai Stock Exchange, the Company's proposed capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy is required to be proposed at the general meeting for consideration, and therefore the Company will seek approval for such issue from the Shareholders at the EGM.

7. GENERAL INFORMATION ON THE PARTIES

Information on the Company

The Company is a joint stock limited company established in the PRC, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively, while its ADSs are listed on the New York Stock Exchange. The Group is principally engaged in the mining of bauxite, coal and other resources; production, sales and technology research and development of alumina, primary aluminium and aluminium alloy products; international trade; logistics industry and thermal and new energy power generation.

Information on Chinalco

Chinalco, as the controlling Shareholder of the Company, directly and indirectly, holds approximately 36.62% of the Shares of the Company as at the date of this announcement. Chinalco is a wholly state-owned enterprise incorporated in the PRC, whose entities and business were contributed to the Company upon the Company's establishment. The principal activities of Chinalco include the production and sales of aluminum, copper, rare earth and related non-ferrous metals mineral products, smelted products, fabrication products and carbon products.

8. 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;
“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;
“Capital Contribution”	the capital contribution made by the Company to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy under the Capital Contribution Agreement;
“Capital Contribution Agreement”	the agreement entered into among the Company, Chinalco and Chinalco Innovative on 30 January 2019, pursuant to which, the Company agreed to make a capital contribution to Chinalco Innovative with its 100% equity interests in China Aluminum Nanhai Alloy;
“China Aluminum Nanhai Alloy”	China Aluminum Nanhai Alloy Co., Ltd.* (中國鋁南海合金有限公司), a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of the Company as at the date of this announcement;
“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 36.62% of the total issued share capital of the Company as at the date of this announcement;

“Chinalco Innovative”	Chinalco Innovative Development Investment Company Limited* (中鋁創新開發投資有限公司), a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of Chinalco as at the date of this announcement;
“Company”	Aluminum Corporation of China Limited* (中國鋁業股份有限公司), a joint stock limited company incorporated in the PRC, the A Shares, H Shares and ADS(s) of which are listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange, respectively;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the 2019 first extraordinary general meeting of the Company to be convened on 20 February 2019 to consider and if thought fit, to approve, among other matters, the Capital Contribution;
“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;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	A Share(s) and H Share(s);
“Shareholder(s)”	holder(s) of A Shares and holder(s) of H Shares;
“subsidiary(ies)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Yinxin Appraisal”	Yinxin Appraisal Co., Ltd.* (銀信資產評估有限公司), a PRC qualified valuer as engaged by the Company to carry out valuation on the value of the 100% equity interests in China Aluminum Nanhai Alloy and the value of Chinalco Innovative;
“%”	per cent.

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

Beijing, the PRC
30 January 2019

As at the date of the publication of this announcement, the members of the board of directors comprise Mr. Yu Dehui, Mr. Lu Dongliang, Mr. Jiang Yinggang and Mr. Zhu Runzhou (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*