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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
CONNECTED TRANSACTIONS
DISPOSAL OF 40% EQUITY INTERESTS IN INNER
MONGOLIA FENGRONG AND 60% EQUITY INTERESTS IN
NINGXIA FENGHAO BY CHALCO ENERGY TO CHINALCO
ENVIRONMENTAL PROTECTION

On 20 February 2019, Chalco Energy, a wholly-owned subsidiary of the Company, entered into (i) the Inner Mongolia Fengrong Equity Transfer Agreement; and (ii) the Ningxia Fenghao Equity Transfer Agreement with Chinalco Environmental Protection in respect of its disposal of 40% equity interests in Inner Mongolia Fengrong and 60% equity interests in Ningxia Fenghao, respectively.

As at the date of this announcement, since Chinalco is the controlling Shareholder of the Company and Chinalco Environmental Protection is a wholly-owned subsidiary of Chinalco, Chinalco Environmental Protection is a connected person of the Company in accordance with the Hong Kong Listing Rules, and the transactions contemplated under the Equity Transfer Agreements constitute connected transactions under the 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 such transactions contemplated under the Equity Transfer Agreements is more than 0.1% but less than 5%, the transactions are subject to the reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

On 20 February 2019, Chalco Energy, a wholly-owned subsidiary of the Company, entered into (i) the Inner Mongolia Fengrong Equity Transfer Agreement; and (ii) the Ningxia Fenghao Equity Transfer Agreement with Chinalco Environmental Protection in respect of its disposal of 40% equity interests in Inner Mongolia Fengrong and 60% equity interests in Ningxia Fenghao, respectively.

2. EQUITY TRANSFER AGREEMENTS

2.1 Inner Mongolia Fengrong Equity Transfer Agreement

(1) Date

20 February 2019

(2) Parties

- (1) Chalco Energy (as the seller of its 40% equity interests in Inner Mongolia Fengrong); and
- (2) Chinalco Environmental Protection (as the acquirer of the 40% equity interests in Inner Mongolia Fengrong).

(3) Nature of the Transaction

Chalco Energy agreed to dispose and Chinalco Environmental Protection agreed to acquire the 40% equity interests in Inner Mongolia Fengrong in accordance with the conditions and procedures set out in the Inner Mongolia Fengrong Equity Transfer Agreement.

(4) Consideration

RMB20,041,300, being the transfer price as agreed in the Inner Mongolia Fengrong Equity Transfer Agreement, which is determined by the parties after arm's length negotiations with reference to the appraised value of equity interests in Inner Mongolia Fengrong as at the Valuation Benchmark Date as set out in the valuation report prepared by Chongqing Rongkuang using the asset-based approach.

(5) *Payment*

The consideration shall be paid in one lump sum by Chinalco Environmental Protection to Chalco Energy within 15 working days from the date of industrial and commercial registration of changes for the 40% equity interests in Inner Mongolia Fengrong.

(6) *Conditions Precedent*

The Inner Mongolia Fengrong Equity Transfer Agreement shall take effect upon approval by competent approval authorities and affixing of the seals and signatures by the legal representatives or authorised representatives of the parties thereto.

(7) *Completion*

Chalco Energy agreed to cooperate with Chinalco Environmental Protection in assisting Inner Mongolia Fengrong to proceed with the industrial and commercial registration of changes in shareholders within 15 working days from the date of execution of the Inner Mongolia Fengrong Equity Transfer Agreement.

2.2 Ningxia Fenghao Equity Transfer Agreement

(1) *Date*

20 February 2019

(2) *Parties*

- (1) Chalco Energy (as the seller of its 60% equity interests in Ningxia Fenghao); and
- (2) Chinalco Environmental Protection (as the acquirer of the 60% equity interests in Ningxia Fenghao).

(3) *Nature of the Transaction*

Chalco Energy agreed to dispose and Chinalco Environmental Protection agreed to acquire the 60% equity interests in Ningxia Fenghao in accordance with the conditions and procedures set out in the Ningxia Fenghao Equity Transfer Agreement.

(4) Consideration

RMB21,531,300, being the transfer price as agreed in the Ningxia Fenghao Equity Transfer Agreement, which is determined by the parties after arm's length negotiations with reference to the appraised value of equity interests in Ningxia Fenghao as at the Valuation Benchmark Date as set out in the valuation report prepared by Chongqing Rongkuang using the income approach.

Since the income approach is adopted by Chongqing Rongkuang for preparing the valuation report mentioned above in respect of valuation of the equity interests in Ningxia Fenghao, such valuation constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. The Company will make a further announcement within 15 business days after the publication of this announcement in accordance with Rule 14.60A and Rule 14.62 of the Hong Kong Listing Rules.

(5) Payment

The consideration shall be paid in one lump sum by Chinalco Environmental Protection to Chalco Energy within 15 working days from the date of industrial and commercial registration of changes for the 60% equity interests in Ningxia Fenghao.

(6) Conditions Precedent

The Ningxia Fenghao Equity Transfer Agreement shall take effect upon approval by competent approval authorities and affixing of the seals and signatures by the legal representatives or authorised representatives of the parties thereto.

(7) Completion

Chalco Energy agreed to cooperate with Chinalco Environmental Protection in assisting Ningxia Fenghao to proceed with the industrial and commercial registration of changes in shareholders within 15 working days from the date of execution of the Ningxia Fenghao Equity Transfer Agreement.

3. INFORMATION ON INNER MONGOLIA FENGRONG AND NINGXIA FENGHAO

Information on Inner Mongolia Fengrong

Inner Mongolia Fengrong was established in May 2016 with a registered capital of RMB50 million. It is a non-wholly owned subsidiary of the Company as at the date of the announcement and its scope of business includes purchase and sales of electricity, power wheeling and trading services; investment in construction and operation of power distribution network; power demand side management, energy-saving management, energy performance contracting, electricity consumption consulting and promotion of comprehensive energy-saving technologies; investment in construction and operation of power projects; development, consultation, transfer and other related services of new energy technologies; technical consulting on power engineering and related technical services; internet information services, database services and management; sales of mineral products, building materials and chemical products (excluding dangerous goods); sales of mechanical equipment, ironmongeries and electronic products; lease of premises, housing, machinery and equipment, and vehicles.

According to the assets valuation report prepared by Chongqing Rongkuang using the asset-based approach, as at the Valuation Benchmark Date, the book value and appraised value of the total assets of Inner Mongolia Fengrong amounted to RMB37,613,700 and RMB37,699,700, respectively, representing an appreciation rate of 0.23%; the book value and appraised value of the total liabilities of Inner Mongolia Fengrong amounted to RMB5,596,500 and RMB5,596,500, respectively, without appreciation or depreciation; the book value and appraised value of the net assets of Inner Mongolia Fengrong amounted to RMB32,017,100 and RMB32,103,200, respectively, representing an appreciation rate of 0.27%.

Set out below is the net profits before and after taxation and extraordinary items of Inner Mongolia Fengrong for the financial years ended 31 December 2017 and 31 December 2018, according to the financial report of Inner Mongolia Fengrong prepared in accordance with the generally accepted accounting principles of the PRC:

	For the year ended 31 December 2017 (RMB'0,000)	For the year ended 31 December 2018 (RMB'0,000)
Net profit before taxation and extraordinary items	1.38	1.20
Net profit after taxation and extraordinary items	1.15	0.84

Information on Ningxia Fenghao

Ningxia Fenghao was established in January 2017 with a registered capital of RMB50 million. It is a non-wholly owned subsidiary of the Company as at the date of the announcement and its scope of business includes power wheeling and electricity sales services; power demand side management, energy-saving management, energy performance contracting, electricity consumption consulting and promotion of comprehensive energy-saving technologies; investment in construction and operation and maintenance of power projects; development, consultation, transfer and other related services of new energy technologies; technical consulting and related technical services for earlier stage and engineering of power projects; environmental technical support and marketing of environmental equipment materials; agent sales of electrical equipment and materials; sales of thermal coal; purchase and sale of water, steam, heat and energy consumption services; internet information services; database services and management.

According to the assets valuation report prepared by Chongqing Rongkuang using the income approach, as at the Valuation Benchmark Date, the book value and appraised value of the net assets of Ningxia Fenghao amounted to RMB30,633,200 and RMB35,885,500, respectively, representing an appreciation rate of 17.15%.

Set out below is the net profits before and after taxation and extraordinary items of Ningxia Fenghao for the financial years ended 31 December 2017 and 31 December 2018, according to the financial report of Ningxia Fenghao prepared in accordance with the generally accepted accounting principles of the PRC.

	For the year ended 31 December 2017 (RMB'0,000)	For the year ended 31 December 2018 (RMB'0,000)
Net profit before taxation and extraordinary items	2.29	71.69
Net profit after taxation and extraordinary items	1.48	69.39

4. FINANCIAL IMPACT OF DISPOSAL OF 40% EQUITY INTERESTS IN INNER MONGOLIA FENGRONG AND 60% EQUITY INTERESTS IN NINGXIA FENGHAO

As Inner Mongolia Fengrong is currently held as to 40% by Chalco Energy and 20% by Baotou Aluminum Co., Ltd.* (包頭鋁業有限公司), a subsidiary of the Company, Inner Mongolia Fengrong is a subsidiary of the Company. Upon completion of the transaction contemplated under the Inner Mongolia Fengrong Equity Transfer Agreement, Chalco Energy will no longer hold any equity interests in Inner Mongolia Fengrong, and Inner Mongolia Fengrong will cease to be a subsidiary of the Company. Therefore, the financial results and position of Inner Mongolia Fengrong will be no longer consolidated into the financial statements of the Group.

The gains expected to accrue to Chalco Energy from the disposal of 40% equity interests in Inner Mongolia Fengrong (before deducting taxes and other expenses payable by Chalco Energy in respect of the above disposal) are approximately RMB41,300, which was arrived at by reference to the appraised value and book value of the net assets of 40% equity interests in Inner Mongolia Fengrong as at the Valuation Benchmark Date and having taken into account the expected taxes payable in relation to the disposal (subject to the determination of relevant PRC taxation authorities). Shareholders are advised to note that, the actual gains from the disposal of 40% equity interests in Inner Mongolia Fengrong under the Inner Mongolia Fengrong Equity Transfer Agreement will be calculated based on the relevant figures on the completion date of the abovementioned disposal and subject to audit, which therefore may be different from the amount above. The proceeds from the disposal are expected to be used as the general working capital of Chalco Energy or for future investment.

As Ningxia Fenghao is currently held as to 60% by Chalco Energy and 40% by Chalco Ningxia Energy Group Co., Ltd.* (寧夏能源集團有限公司), a subsidiary of the Company, Ningxia Fenghao is a subsidiary of the Company. Upon completion of the transaction contemplated under the Ningxia Fenghao Equity Transfer Agreement, Chalco Energy will no longer hold any equity interests in Ningxia Fenghao, and Ningxia Fenghao will cease to be a subsidiary of the Company. Therefore, the financial results and position of Ningxia Fenghao will be no longer consolidated into the financial statements of the Group.

The gains expected to accrue to Chalco Energy from the disposal of 60% equity interests in Ningxia Fenghao (before deducting taxes and other expenses payable by Chalco Energy in respect of the above disposal) are approximately RMB3,531,300, which was arrived at by reference to the appraised value and book value of the net assets of 60% equity interests in Ningxia Fenghao as at the Valuation Benchmark Date and having taken into account the expected taxes payable in relation to the disposal (subject to the determination of relevant PRC taxation authorities). Shareholders are advised to note that, the actual gains from the disposal of 60% equity interests in Ningxia Fenghao under the Ningxia Fenghao Equity Transfer Agreement will be calculated based on the relevant figures on the completion date of the abovementioned disposal and subject to audit, which therefore may be different from the amount above. The proceeds from the disposal are expected to be used as the general working capital of Chalco Energy or for future investment.

5. REASONS FOR AND BENEFITS OF DISPOSAL OF 40% EQUITY INTERESTS IN INNER MONGOLIA FENGRONG AND 60% EQUITY INTERESTS IN NINGXIA FENGHAO

Chinalco Environmental Protection is synergetic with Chinalco Energy in respect of energy saving business. The transactions allow Chinalco Environmental Protection to improve its capability in terms of energy saving business by virtue of Chinalco Energy's advantages in electric power assets, technology and personnel, and Chinalco Energy can also benefit from these transactions for its future development. Upon acquisition of such equity interests, Chinalco Environmental Protection will be able to expand and consolidate this business relying on its advantages in industry, strategy and funds, which is conducive to increasing the investment returns to the shareholders of Inner Mongolia Fengrong and Ningxia Fenghao (including subsidiaries of the Company) to achieve a win-win situation.

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

6. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, since Chinalco is the controlling Shareholder of the Company and Chinalco Environmental Protection is a wholly-owned subsidiary of Chinalco, Chinalco Environmental Protection is a connected person of the Company in accordance with the Hong Kong Listing Rules, and the transactions contemplated under the Equity Transfer Agreements constitute connected transactions under the 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 such transactions contemplated under the Equity Transfer Agreements is more than 0.1% but less than 5%, the transactions are subject to the reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As Mr. Yu Dehui and Mr. Ao Hong, being Directors of the Company, concurrently hold positions in Chinalco, they have abstained from voting on the Board resolution in respect of the transactions. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Equity Transfer Agreements and therefore none of other Directors has abstained from voting on such Board resolution.

7. 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

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, etc.

Information on Chalco Energy

Chalco Energy is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement. Its principal scope of business includes sales of coal; heat power supply; investment and investment management; technical development, consultation and training of electric energy and clean energy; sales of self-developed products; import and export of goods; agent import and export; electric power supply.

Information on Chinalco Environmental Protection

Chinalco Environmental Protection is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Chinalco as at the date of this announcement. Its principal scope of business includes project contracting, technical development, technical consultation, technical services, technology transfer, and inspection and testing in the fields of environmental protection, energy conservation, new energy and comprehensive utilization of resources; energy saving assessment; energy performance contracting; environmental pollution treatment; carbon emission trading; import and export business.

8. 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;
“Chalco Energy”	Chalco Energy Co., Ltd.* (中鋁能源有限公司), a company incorporated in the PRC with limited liability 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 incorporated 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 Environmental Protection”	Chinalco Environmental Protection and Energy Conservation Co., Ltd.* (中鋁環保節能集團有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Chinalco as at the date of this announcement;
“Chongqing Rongkuang”	Chongqing Rongkuang Asset, Real Estate & Land Appraisal Co., Ltd.* (重慶融礦資產評估房地產土地估價有限公司), a qualified valuer in the PRC which is engaged by Chalco Energy to evaluate the values of Inner Mongolia Fengrong and Ningxia Fenghao;

“Company”	Aluminum Corporation of China Limited* (中國鋁業股份有限公司), a joint stock limited company incorporated in the PRC, the A Shares, H Shares and ADS(s) of which are listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange, respectively;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreements”	Inner Mongolia Fengrong Equity Transfer Agreement and Ningxia Fenghao Equity Transfer Agreement;
“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;
“Inner Mongolia Fengrong”	Inner Mongolia Fengrong Electricity Allocation and Sales Co., Ltd.* (內蒙古豐融配售電有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement;
“Inner Mongolia Fengrong Equity Transfer Agreement”	the agreement entered into between Chalco Energy and Chinalco Environmental Protection on 20 February 2019, pursuant to which Chalco Energy agreed to sell and Chinalco Environmental Protection agreed to acquire 40% equity interests in Inner Mongolia Fengrong;

“Ningxia Fenghao”	Ningxia Fenghao Electricity Allocation and Sales Co., Ltd.* (寧夏豐昊配售電有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement;
“Ningxia Fenghao Equity Transfer Agreement”	the agreement entered into between Chalco Energy and Chinalco Environmental Protection on 20 February 2019, pursuant to which Chalco Energy agreed to sell and Chinalco Environmental Protection agreed to acquire 60% equity interests in Ningxia Fenghao;
“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 Shares and H Shares;
“Shareholder(s)”	holders of A Shares and holders of H Shares;
“subsidiary(ies)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Valuation Benchmark Date”	30 September 2018;
“%”	per cent.

By order of the Board
Aluminum Corporation of China Limited*
Wang Jun
Company Secretary

Beijing, the PRC
20 February 2019

As at the date of this announcement, the members of the Board 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