CHALCO

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
TRANSFER OF ELECTROLYTIC ALUMINUM CAPACITY QUOTA

Reference is made to the announcement of the Company dated 20 February 2019 in relation to the proposed transfer of all the electrolytic aluminum capacity quota of 190,000 tonnes by Shanxi Huasheng, a subsidiary of the Company, to Heqing Yixin Aluminum. The Board of the Company hereby announces that Shanxi Huasheng and Heqing Yixin Aluminum entered into the Transfer Agreement on 28 May 2019, pursuant to which, Shanxi Huasheng agrees to sell and Heqing Yixin Aluminum agrees to acquire the electrolytic aluminum capacity quota of 190,000 tonnes (the transfer is subject to the consideration and approval by shareholders at the general meeting).

As at the date of this announcement, Yunnan Aluminum is a subsidiary of Chinalco, the controlling Shareholder of the Company, and Shanxi Huasheng is a subsidiary of the Company. Therefore, Heqing Yixin Aluminum, a subsidiary of Yunnan Aluminum, is a connected person of the Company under the Hong Kong Listing Rules. Thus, the transaction contemplated under the Transfer Agreement constitutes a connected transaction 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 transaction contemplated under the Transfer 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 proposed transfer of the electrolytic aluminum capacity quota by Shanxi Huasheng 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 general meeting.

1. INTRODUCTION

Reference is made to the announcement of the Company dated 20 February 2019 in relation to the proposed transfer of all the electrolytic aluminum capacity quota of 190,000 tonnes by Shanxi Huasheng, a subsidiary of the Company, to Heqing Yixin Aluminum. The Board of the Company hereby announces that Shanxi Huasheng and Heqing Yixin Aluminum entered into the Transfer Agreement on 28 May 2019, pursuant to which, Shanxi Huasheng agrees to sell and Heqing Yixin Aluminum agrees to acquire the electrolytic aluminum capacity quota of 190,000 tonnes (the transfer is subject to the consideration and approval by shareholders at the general meeting).

2. TRANSFER AGREEMENT

(1) Date

28 May 2019

(2) Parties

(i) Heqing Yixin Aluminum (as the acquirer of the Target Assets); and

(ii) Shanxi Huasheng (as the seller of the Target Assets).

(3) Nature of the transaction

Shanxi Huasheng agrees to sell and Heqing Yixin Aluminum agrees to acquire the Target Assets, namely the electrolytic aluminum capacity quota with an annual output of 190,000 tonnes (subject to the number of the electrolytic aluminum capacity quota finally determined by the province to which it is transferred).

(4) Transfer consideration and payment

The total transfer consideration is RMB950,000,000, which is arrived at based on the transfer price (tax inclusive) of RMB5,000/tonne and an annual output of 190,000 tonnes. The final transfer consideration is subject to the valuation report issued by a professional appraisal agency and the number of the electrolytic aluminum capacity quota finally determined by the province to which it is transferred. Both parties will enter into a supplemental agreement if there are any differences between the above consideration and the final consideration. The Company will comply with relevant requirements of the Hong Kong Listing Rules and perform the information disclosure obligation (if necessary) at the appropriate time. The transfer consideration is determined with reference to the market value of the electrolytic aluminum capacity quota after negotiations between both parties.

Heqing Yixin Aluminum shall pay all of the transfer price in one lump sum to Shanxi Huasheng within five working days after all of the following conditions are satisfied and in any case no later than 31 December 2019:

(i) The publicity, announcement and other procedures required for the transfer of the electrolytic aluminum capacity quota have all been completed;

(ii) Heqing Yixin Aluminum has received the value-added tax invoice issued by Shanxi Huasheng based on the full transfer price under the Transfer Agreement; and

(iii) The electrolytic aluminum capacity quota in the transaction has been registered under the name of Heqing Yixin Aluminum after the publicity and announcement by the province to which it is transferred.

(5) Conditions precedent

The Transfer Agreement shall come into effect after all of the following conditions are satisfied:

(i) It is signed and sealed by the legal representatives or the authorized principals of both parties; and

(ii) It is reviewed and approved by the internal competent authorities of both parties.

(6) Completion

Shanxi Huasheng shall cooperate Heqing Yixin Aluminum in completing the administrative approval formalities in the province to which such quota is transferred by providing the requisite materials. Meanwhile, both Shanxi Huasheng and Heqing Yixin Aluminum shall be obliged to coordinate with each other in completing the transfer of the aforesaid electrolytic aluminum capacity quota.

3. INFORMATION ON THE TARGET ASSETS

Due to the particular nature of the Target Assets, there was no corresponding book value and net profit attributable to the Target Assets under the Transfer Agreement for the financial years ended 31 December 2017 and 2018 (before and after taxes and extraordinary items).

4. FINANCIAL IMPACT OF THE DISPOSAL OF THE TARGET ASSETS

It is expected that Shanxi Huasheng will obtain a profit of approximately RMB300 to 400 million (before taxes and other fees payable by Shanxi Huasheng for the aforesaid disposal) in respect of the disposal of the Target Assets, which is calculated based on relevant transaction consideration after taking into account the relevant cost. Shareholders should note that the actual income from the disposal of the Target Assets under the Transfer Agreement will be calculated on relevant figures on the date of completion of the above disposal and be subject to audit, and is therefore very likely to vary from the above amount. The proceeds from the disposal are expected to be used for the future transformation and upgrading of Shanxi Huasheng.

5. REASONS FOR AND BENEFITS OF THE DISPOSAL OF THE TARGET ASSETS

The transaction is beneficial to Shanxi Huasheng for reversing its losses, overcoming difficulties and achieving transformation and upgrading, and will help optimize the industrial layout and asset structure of the Company and enhance the overall value of the Company, and is therefore in the interest of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Transfer 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, Yunnan Aluminum is a subsidiary of Chinalco, the controlling Shareholder of the Company, and Shanxi Huasheng is a subsidiary of the Company. Therefore, Heqing Yixin Aluminum, a subsidiary of Yunnan Aluminum, is a connected person of the Company under the Hong Kong Listing Rules. Thus, the transaction contemplated under the Transfer Agreement constitutes a connected transaction 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 transaction contemplated under the Transfer 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.

The Board of the Company considered the Board resolution in relation to the transaction on 20 February 2019. As Mr. Yu Dehui, who was a Director of the Company then (resigned), and Mr. Ao Hong, a Director 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 Transfer 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 proposed transfer of the electrolytic aluminum capacity quota by Shanxi Huasheng 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 general meeting.

7. GENERAL 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 32.06% 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 Shanxi Huasheng

Shanxi Huasheng is a limited liability company incorporated in the PRC, and a subsidiary of the Company as at the date of this announcement. The scope of business of Shanxi Huasheng include production and sales of electrolytic aluminum, aluminum alloy, carbon products and electricity; technology development and technical services in relation to above products; installment and maintenance of mechanical and electrical equipment; installment of water, electricity and heating facilities; construction of projects with steel structures; manufacturing and sales of non-standard parts and aluminum products; sales of recycled water and steam; sewage treatment; the sales of raw and auxiliary materials for alumina and electrolytic aluminum (excluding hazardous chemicals); recycling and sales of scrap materials; and freight loading, unloading and transportation.

Information on Heqing Yixin Aluminum

Heqing Yixin Aluminum is a limited liability company incorporated in the PRC, and a subsidiary of Chinalco as at the date of this announcement. The scope of business of Heqing Yixin Aluminum include production and sales of aluminum ingots for remelting and processed aluminum products, calcium aluminate products and fire resistant materials; purchase and sales of metallic and non-metallic mineral products, production and sales of oil fracturing proppant products and relevant technical consultancy services and import and export trade of oil fracturing proppants.

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;
"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 32.06% of the total issued share capital of the Company 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;
"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;
"Heqing Yixin Aluminum"	Heqing Yixin Aluminum Co., Ltd.* (鶴慶溢鑫鋁業有限公司), a limited liability company incorporated in the PRC, and a subsidiary of Yunnan Aluminum as at the date of this announcement;

"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;
"Shanxi Huasheng"	Shanxi Huasheng Aluminum Co., Ltd.* (山西華聖鋁業有限公司), a limited liability company incorporated in the PRC, and a subsidiary of the Company as at the date of this announcement;
"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;
"Target Assets"	the electrolytic aluminum capacity quota with an annual output of 190,000 tonnes proposed to be disposed by Shanxi Huasheng under the Transfer Agreement, details of which are set out in the "Nature of the transaction" section herein;
"Transfer Agreement"	the agreement entered into between Shanxi Huasheng and Heqing Yixin Aluminum on 28 May 2019, pursuant to which, Shanxi Huasheng agrees to sell and Heqing Yixin Aluminum agrees to acquire the Target Assets (the transfer is subject to the consideration and approval by shareholders at the general meeting);

"Yunnan Aluminum"	Yunnan Aluminum Co., Ltd.* (雲南鋁業股份有限公司), a joint stock limited liability company incorporated in the PRC, whose A shares are listed on Shenzhen Stock Exchange, and a subsidiary of Chinalco as at the date of this announcement;
"%"	per cent.

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

Beijing, the PRC
28 May 2019

As at the date of the publication of this announcement, the members of the board of directors comprise Mr. Lu Dongliang, Mr. He Zhihui, 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*