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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
CONTINUING CONNECTED TRANSACTIONS
PROPOSED ENTERING INTO OF A SUPPLEMENTAL
AGREEMENT TO THE GENERAL AGREEMENT ON MUTUAL
PROVISION OF PRODUCTION SUPPLIES AND ANCILLARY
SERVICES

References are made to the announcement of the Company dated 17 September 2018, the circular of the Company dated 26 October 2018 and the supplemental circular of the Company dated 26 November 2018, in relation to, among other things, the renewal of the daily continuing connected transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco and the annual caps for the three years ending 31 December 2021. Reference is also made to the announcement of the Company dated 28 March 2019, in relation to, among other things, the proposed entering into of the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco and the revised annual caps for the expenditure and revenue transactions under the abovementioned agreement for the three years ending 31 December 2021.

On 3 June 2019, the Company and Chinalco entered into the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services in order to revise the scope of mutual supply of products and include the pricing principles and methods of payment for the additional products subject to mutual supply.

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and thus is a connected person of the Company under the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the revised annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) exceeds 5%, the revised annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) for the three years ending 31 December 2021 are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

VBG Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to, among other things, whether the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) and the revised annual caps for the three years ending 31 December 2021 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and give recommendations on voting. The Independent Board Committee of the Company has been established to advise the Independent Shareholders in respect of, among other things, the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) and the revised annual caps for the three years ending 31 December 2021.

A circular in relation to, among other things, the resolution in relation to the proposed entering into of the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco and revision of the annual caps for the transactions and containing the notice of the AGM has been despatched to the Shareholders on 10 May 2019. Given that additional time is required to prepare certain information for inclusion in the circular, a supplemental circular containing, among other things, (i) details on revision of the annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services for the three years from 2019 to 2021; (ii) details on relevant terms under the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders by the Company on 10 June 2019.

1. INTRODUCTION

References are made to the announcement of the Company dated 17 September 2018, the circular of the Company dated 26 October 2018 and the supplemental circular of the Company dated 26 November 2018, in relation to, among other things, the renewal of the daily continuing connected transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco and the annual caps for the three years ending 31 December 2021. Reference is also made to the announcement of the Company dated 28 March 2019, in relation to, among other things, the proposed entering into of the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco and the revised annual caps for the expenditure and revenue transactions under the abovementioned agreement for the three years ending 31 December 2021.

On 3 June 2019, the Company and Chinalco entered into the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services in order to revise the scope of mutual supply of products and include the pricing principles and methods of payment for the additional products subject to mutual supply.

2. PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

2.1 Scope of Mutual Provision of Production Supplies and Ancillary Services

- (a) Copper and zinc ingot are added to the supplies provided by Chinalco to the Company. Therefore, the adjusted supplies provided by Chinalco to the Company include carbon products, cement, coal, oxygen, bottled water, steam, fire brick, aluminum fluoride, cryolite, lubricant, resin, clinker, aluminum profiles, copper, zinc ingot and other relevant or similar supplies. The scope of storage and transportation services and ancillary production supplies and services provided by Chinalco to the Company will remain unchanged.
- (b) Zinc ingot is added to the products provided by the Company to Chinalco. Therefore, the adjusted products provided by the Company to Chinalco include aluminum products (aluminum ingots) and alumina products, zinc ingot, slag, coal, petroleum coke and other relevant or similar supplies. The scope of supporting services and ancillary production services provided by the Company to Chinalco will remain unchanged.

2.2 Pricing Principles for the Additional Products Subject to Mutual Supply

The price for the additional products subject to mutual supply is determined with reference to the comparable local market prices, which refer to prices arrived at with reference to those charged or quoted by at least two independent third parties providing products or services with comparable scale in areas where such products or services were provided under normal trading conditions around the time.

2.3 Methods of Payment for the Additional Products Subject to Mutual Supply

The methods of payment for the additional products subject to mutual supply shall be consistent with those for other products or services under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services, i.e. payment on delivery (payment shall generally be made (a) within a period of time after the delivery of the relevant products at the place designated by the purchasing party or the provision of the relevant services, and the completion of necessary inspections and internal approval procedures; or (b) after setting-off the amounts due between the parties where there is mutual provision of products and services. The relevant payment term shall be no less favourable than those under comparable transactions between the Company and independent third parties.)

The Supplemental Agreement is conditional upon the approval by Independent Shareholders at the AGM. The Supplemental Agreement is retrospectively effective for a term of three years from 1 January 2019 to 31 December 2021. Save for the abovementioned revisions under the Supplemental Agreement, all the material terms and conditions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services shall remain unchanged and continue in full force and effect and shall not be affected in any respect.

3. REVISED ANNUAL CAPS FOR THE EXPENDITURE AND REVENUE TRANSACTIONS UNDER THE GENERAL AGREEMENT ON MUTUAL PROVISION OF PRODUCTION SUPPLIES AND ANCILLARY SERVICES (AS REVISED BY THE SUPPLEMENTAL AGREEMENT) FOR THE THREE YEARS ENDING 31 DECEMBER 2021

The actual amounts and annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services for the three years ended 31 December 2018 are set out as follows:

Transaction	For the year ended 31 December 2016		For the year ended 31 December 2017		For the year ended 31 December 2018	
	Actual amount	Annual cap	Actual amount	Annual cap	Actual amount	Annual cap
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Expenditure transaction	2,223	5,900	5,198	6,420	4,495	6,950
Revenue transaction	10,938	14,100	11,194	15,300	11,867	16,400

The existing annual caps of the Company for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services and the revised annual caps of the Company for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) for the three years ending 31 December 2021 are set out as follows:

Transaction	For the year ending 31 December 2019		For the year ending 31 December 2020		For the year ending 31 December 2021	
	Existing annual cap	Revised annual cap	Existing annual cap	Revised annual cap	Existing annual cap	Revised annual cap
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Expenditure transaction	8,600	14,100	9,300	15,300	10,000	17,500
Revenue transaction	17,700	28,400	19,100	30,800	20,700	33,500

For the four months ended 30 April 2019, the amount of expenditure transaction and the amount of revenue transaction between the Company and Chinalco under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services amounted to RMB3,164 million and RMB7,272 million, respectively, not exceeding the respective existing transaction cap of 2019.

The abovementioned proposed revision of annual caps was determined with reference to the expected transaction volume and estimated market price for the mutual provision of production supplies and ancillary services between the Group and Yunnan Metallurgical Group for the three years from 2019 to 2021, by taking into account future market conditions, product supply and demand, price fluctuations and other factors after providing some buffer in advance.

- (1) As stated in the announcement of the Company dated 2 January 2019, the Company was informed by Chinalco on 2 January 2019 that Yunnan Metallurgical Group had completed the approval procedures for gratuitous transfer of stated-owned equity interests and become a subsidiary of Chinalco. Before Yunnan Metallurgical Group became a subsidiary of Chinalco, it was an independent third party of the Company. After Yunnan Metallurgical Group became a subsidiary of Chinalco, benefiting from coordinated internal arrangements of Chinalco, the Group can gain more stable supply of products and prices through the entering into of more long-term contracts with Yunnan Metallurgical Group, more flexible payment methods and other measures, thus obtaining more favorable transaction terms than those with independent third parties. Based on the above reasons, the Group has adjusted its purchasing and sales strategies and plans with Yunnan Metallurgical Group. In 2019, the Group has entered into several transaction framework agreements, including agreement on supply and sales of zinc ingot, agreement on sales of alumina, agreement on sales of bituminous coal, petroleum coke, caustic soda and other raw and auxiliary materials and logistics services agreement, which will substantially increase the transactions between the Group and Yunnan Metallurgical Group under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services. In addition, in light of numerous subsidiaries of the Group and Yunnan Metallurgical Group, it is expected that the amounts of expenditure and revenue transactions between the Company and Chinalco under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) will be increased year by year with the business development of the two parties. and

- (2) The increase of the proposed annual caps provides a buffer for the unexpected fluctuation of increase in the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement). As the Group and Yunnan Metallurgical Group are both non-ferrous enterprises, their product prices are of periodical nature and subject to a number of uncertainties as they can be significantly affected by macro-economy, government policies, market supply and demand and other factors. For example, in 2017, as influenced by the supply-side reform carried out by Chinese government and new policies on environmental protection, the average annual prices of alumina and primary aluminium increased by 40.5% and 21.7% as compared with 2016, respectively. Meanwhile, the Group and Yunnan Metallurgical Group may also increase their demand for products and services in the following three years due to the enterprises acquired and newly commenced production. Therefore, the Company reserves an average buffer of approximately 10% when determining the annual caps for the transactions with Yunnan Metallurgical Group in the next three years, and the Company is of the view that such buffer is fair and reasonable.

In conclusion, the Directors (including independent non-executive Directors) are of the view that the revision of the annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) is fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

4. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT

References are made to the announcements of the Company dated 13 November 2018, 20 December 2018 and 2 January 2019, in relation to the gratuitous transfer of the 51% equity interest in Yunnan Metallurgical Group held by the State-owned Assets Supervision and Administration Commission of Yunnan Provincial People's Government to China Copper Co., Ltd., a wholly-owned subsidiary of Chinalco. Since Yunnan Metallurgical Group has become a subsidiary of Chinalco and there are transactions in relation to mutual provision of products and services between certain subsidiaries of the Company and Yunnan Metallurgical Group, the Company proposed to enter into the Supplemental Agreement in order to revise the scope of mutual provision of products and services, pricing principles, methods of payment and other terms under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services.

5. IMPLICATIONS UNDER HONG KONG LISTING RULES

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and thus is a connected person of the Company under the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the revised annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) exceeds 5%, the revised annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) for the three years ending 31 December 2021 are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As Mr. Ao Hong, a Director of the Company, concurrently holds positions in Chinalco, he has abstained from voting on the Board resolution with respect to approval of the entering into of the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services and the revision of the annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement). Saved as disclosed above, none of the Directors has any material interest in the above transactions and therefore none of the Directors has abstained from voting on such Board resolution.

VBG Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to, among other things, whether the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) and the revised annual caps for the three years ending 31 December 2021 are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and give recommendations on voting. The Independent Board Committee of the Company has been established to advise the Independent Shareholders in respect of, among other things, the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) and the revised annual caps for the three years ending 31 December 2021.

A circular in relation to, among other things, the resolution in relation to the proposed entering into of the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco and revision of the annual caps for the transactions and containing the notice of the AGM has been despatched to the Shareholders on 10 May 2019. Given that additional time is required to prepare certain information for inclusion in the circular, a supplemental circular containing, among other things, (i) details on revision of the annual caps for the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services for the three years from 2019 to 2021; (ii) details on relevant terms under the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders by the Company on 10 June 2019.

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

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.

7. 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;
“AGM”	the 2018 annual general meeting to be convened by the Company for consideration and approval of, among other things, (i) the revision of the existing annual caps for the expenditure and revenue transactions between the Company and Chinalco under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services for the three years from 2019 to 2021; and (ii) the entering into of the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco;
“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 with limited liability incorporated 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;
“General Agreement on Mutual Provision of Production Supplies and Ancillary Services”	the general agreement on mutual provision of production supplies and ancillary services entered into between the Company and Chinalco on 5 November 2001 and renewed on 17 September 2018 for a term of three years from 1 January 2019 to 31 December 2021;
“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 (i) the revision of the existing annual caps for the expenditure and revenue transactions between the Company and Chinalco under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services for the three years from 2019 to 2021; and (ii) the entering into of the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco;

“Independent Shareholder(s)”	the Shareholder(s) (other than Chinalco and its associates) who are not required to abstain from voting on the resolution to be proposed at the AGM to approve the resolution in relation to (i) the revision of the existing annual caps for the expenditure and revenue transactions between the Company and Chinalco under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services for the three years from 2019 to 2021; and (ii) the entering into of the Supplemental Agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services between the Company and Chinalco;
“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)”	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;
“Supplemental Agreement”	the supplemental agreement to the General Agreement on Mutual Provision of Production Supplies and Ancillary Services entered into between the Company and Chinalco on 3 June 2019 to revise the scope of mutual provision of products and include the pricing principle and method of payment for the additional products subject to mutual supply;
“Yunnan Metallurgical Group”	Yunnan Metallurgical Group Co., Ltd.* (雲南冶金集團股份有限公司), a joint stock limited liability company incorporated in the PRC and a subsidiary of Chinalco as at the date of this announcement;

“VBG Capital”

VBG Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of, among other things, the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services (as revised by the Supplemental Agreement) and the revised annual caps for the three years ending 31 December 2021;

“%”

per cent.

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

Beijing, the PRC
3 June 2019

As at the date of this announcement, the members of the board of directors comprise Mr. Lu Dongliang, Mr. He Zihui, 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 purposes only*