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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 TRANSACTION
PROPOSED CAPITAL CONTRIBUTION TO CHINA RARE EARTH
WITH GALLIUM ASSETS BY THE COMPANY

The Board of the Company is pleased to announce that on 27 August 2019, the Company entered into the Capital Contribution Agreement with China Rare Earth, pursuant to which the Company agreed to make a capital contribution to China Rare Earth with its Gallium Assets. Upon completion of the Capital Contribution, the shareholding proportion in China Rare Earth held by the Company will be increased from the current 14.62% to 23.94%, and China Rare Earth will not become a subsidiary of the Company.

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and China Rare Earth is a subsidiary of Chinalco. Therefore, China Rare Earth is a connected person 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.

1. INTRODUCTION

The Board of the Company is pleased to announce that on 27 August 2019, the Company entered into the Capital Contribution Agreement with China Rare Earth, pursuant to which the Company agreed to make a capital contribution to China Rare Earth with its Gallium Assets. Upon completion of the Capital Contribution, the shareholding proportion in China Rare Earth held by the Company will be increased from the current 14.62% to 23.94%, and China Rare Earth will not become a subsidiary of the Company.

2. CAPITAL CONTRIBUTION AGREEMENT

(1) Date

27 August 2019

(2) Parties

- (i) the Company, holding 14.62% equity interests in China Rare Earth prior to the Capital Contribution; and
- (ii) China Rare Earth.

(3) Capital Contribution

The Company has agreed to make a capital contribution to China Rare Earth with its Gallium Assets based on the terms of the Capital Contribution Agreement and China Rare Earth has agreed to accept the above Capital Contribution of the Company based on the terms of the Capital Contribution Agreement.

Upon completion of the Capital Contribution, the shareholding proportion in China Rare Earth held by the Company will be increased from the current 14.62% to 23.94%, and the registered capital of China Rare Earth will be increased from the current RMB1,360,000,000 to RMB1,526,750,900.

(4) Consideration

RMB352,848,100, being the amount of the capital contribution as agreed in the Capital Contribution Agreement, which is determined by the parties after arm's length negotiations with reference to the appraised value of Gallium Assets held by the Company as set out in the valuation report prepared by China United Assets Appraisal using the income approach with 31 December 2018 as the valuation benchmark date (subject to the amount in the valuation report after being filed).

Since the income approach is adopted by China United Assets Appraisal for preparing the valuation report mentioned above in respect of the valuation of Gallium Assets, such valuation constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. Further announcement will be made by the Company 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) Effectiveness of the Agreement

The Capital Contribution Agreement shall take effect upon being:

- (i) approved by the Board of the Company;
- (ii) approved by the internal competent authorities of China Rare Earth;
and
- (iii) duly signed and affixed with official seal by the legal or authorized representative of each of the parties thereto.

(6) Completion

The completion date shall be the effective date of the Capital Contribution Agreement. The Company and China Rare Earth shall provide proactive cooperation and procure to complete the industrial and commercial registration of changes within 30 working days after the Capital Contribution Agreement takes effect.

After the completion date under the Capital Contribution Agreement, the ownership and the payment obligations of relevant liabilities over the Gallium Assets contributed by the Company shall be transferred to China Rare Earth.

(7) Corporate Governance

Upon completion of the Capital Contribution, the Company will participate in the corporate governance of China Rare Earth based on its shareholding proportion. It shall exercise its rights and perform its duties as a shareholder in accordance with the provisions of the articles of association of China Rare Earth.

3. INFORMATION ON GALLIUM ASSETS AND CHINA RARE EARTH

Gallium Assets in the Capital Contribution are the net assets and liabilities of the gallium production lines of the Group held by the Company. According to the valuation report prepared by China United Assets Appraisal using the income approach with 31 December 2018 as the valuation benchmark date, its appraised asset value is RMB352,848,100. The book value of the Gallium Assets is RMB92,329,500.

Since no independent accounting was carried out by the Company in respect of the Gallium Assets, there is no corresponding net profit attributable to the Gallium Assets for the financial years ended 31 December 2017 and 31 December 2018 (before and after taxation and extraordinary items).

China Rare Earth is a joint stock limited company incorporated in the PRC in April 1988 and currently has a registered capital of RMB1,360,000,000. As at the date of this announcement, it is a subsidiary of Chinalco. China Rare Earth is primarily engaged in: ore-dressing, smelting and processing of rare earth and other non-ferrous metals; production and sales of non-ferrous metals and relevant products as well as raw and auxiliary materials; application of new technologies and development and technology services; import and export business; and sales of chemical products (excluding dangerous chemicals), building materials, steel products, machinery and electronic equipments, refrigeration and air-conditioning equipments, electronic devices, vehicles and spare parts, hardware and electrical equipment, articles of daily use, wood, office communication equipment, vehicles, products from non-ferrous mines and processed products.

According to the financial report of China Rare Earth prepared in accordance with the generally accepted accounting principles of the PRC, the audited total assets and net assets of China Rare Earth as at 31 December 2018 was RMB4,233,000,000 and RMB3,269,900,000, respectively. The net profit of China Rare Earth for the financial years ended 31 December 2017 and 31 December 2018 (before and after taxation and extraordinary items) are set out as follows:

	For the year ended 31 December 2017 (RMB0'000)	For the year ended 31 December 2018 (RMB0'000)
Net profit before taxation and extraordinary items (audited)	24,583	15,608
Net profit after taxation and extraordinary items (unaudited)	9,025	6,700

4. REASONS FOR AND BENEFITS OF CAPITAL CONTRIBUTION TO CHINA RARE EARTH

The transaction is conducive to the Company's revitalization of assets irrelevant to the principal businesses and increase of investment returns. Meanwhile, Gallium Assets can achieve rapid development after being contributed to China Rare Earth by leveraging on its industrial advantages, which will enhance the profitability of China Rare Earth, thus bring the Company with long-term investment returns and achieve asset appreciation.

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 under the agreement are fair and reasonable and in the interests 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.

5. IMPLICATIONS UNDER HONG KONG LISTING RULES

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and China Rare Earth is a subsidiary of Chinalco. Therefore, China Rare Earth is a connected person 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. Ao Hong, a Director of the Company, concurrently holds positions in Chinalco, he has 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.

6. 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, coal and other resources; production, sales and technology research and development of alumina, primary aluminium and aluminium alloy products; international trade; logistics industry; thermal and new energy power generation.

Information on China Rare Earth

For information on China Rare Earth, please refer to "3. Information on Gallium Assets and China Rare Earth" in this announcement.

7. DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“A Share(s)”	the RMB ordinary share(s) issued by the Company and subscribed for in RMB, which are listed on the Shanghai Stock Exchange;
“ADS(s)”	the American Depositary 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 China Rare Earth with its Gallium Assets under the Capital Contribution Agreement;
“Capital Contribution Agreement”	the agreement entered into between the Company and China Rare Earth on 27 August 2019, pursuant to which, the Company agreed to make a capital contribution to China Rare Earth with its Gallium Assets;
“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;
“China Rare Earth”	China Rare Earth Holdings Limited* (中國稀有稀土股份有限公司), a joint stock limited company incorporated in the PRC, and a subsidiary of Chinalco as at the date of this announcement;
“China United Assets Appraisal”	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), a PRC qualified valuer which was jointly engaged by China Rare Earth and the Company to evaluate the value of Gallium Assets and the entire shareholder’s equity of China Rare Earth;

“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;
“Gallium Assets”	the net assets and liabilities of the gallium production lines of the Group held by the Company for the Capital Contribution with an appraised asset value of RMB352,848,100 as determined by China United Assets Appraisal using the income approach with 31 December 2018 as the valuation benchmark date;
“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;
“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; and

“%” per cent.

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

Beijing, the PRC
27 August 2019

As at the date 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 purposes only*