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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
ACQUISITION OF GALLIUM ASSETS

The Board of the Company hereby announces that on 24 August 2021, Guangxi Branch of the Company, Chalco Mining and Zunyi Aluminum (“**Certain Branch and Subsidiaries of the Company**”) entered into the Assets Transfer Agreements with Guangxi Gallium Branch, Henan Gallium Branch and Zunyi Gallium Branch of China Rare Earth (“**Certain Branches of China Rare Earth**”), respectively, pursuant to which Certain Branch and Subsidiaries of the Company agreed to acquire and Certain Branches of China Rare Earth agreed to sell the Gallium Assets.

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, Certain Branches of China Rare Earth are connected persons of the Company under the Hong Kong Listing Rules, and the transactions contemplated under the Assets Transfer Agreements constitute connected transactions 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 transactions contemplated under the Assets Transfer Agreements on an aggregate basis exceeds 0.1% but is less than 5%, such transactions are subject to the reporting and announcement requirements but exempt from the independent shareholder’s approval requirement under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

The Board of the Company hereby announces that on 24 August 2021, Certain Branch and Subsidiaries of the Company entered into the Assets Transfer Agreements with Certain Branches of China Rare Earth, respectively, pursuant to which Certain Branch and Subsidiaries of the Company agreed to acquire and Certain Branches of China Rare Earth agreed to sell the Gallium Assets.

2. ASSETS TRANSFER AGREEMENTS

The major terms of each of the Assets Transfer Agreements are basically the same, which are summarized as follows:

Date : 24 August 2021

Parties : (1) **Assets Transfer Agreement I**

- (i) Guangxi Branch of the Company (as the transferee); and
- (ii) Guangxi Gallium Branch of China Rare Earth (as the transferor)

(2) **Assets Transfer Agreement II**

- (i) Chalco Mining (as the transferee); and
- (ii) Henan Gallium Branch of China Rare Earth (as the transferor)

(3) **Assets Transfer Agreement III**

- (i) Zunyi Aluminum (as the transferee); and
- (ii) Zunyi Gallium Branch of China Rare Earth (as the transferor)

**Transfer
Consideration and
Payment:**

The total transfer consideration shall be RMB392,411,600, which consists of the transfer consideration of RMB160,010,200 under the Assets Transfer Agreement I, the transfer consideration of RMB66,760,300 under the Assets Transfer Agreement II and the transfer consideration of RMB165,641,100 under the Assets Transfer Agreement III. The afore-mentioned transfer consideration has been determined by the parties through arm's length negotiation with reference to the appraised value of the Gallium Assets set out in the valuation reports prepared by China United Assets Appraisal using the income approach with 31 December 2020 as the valuation benchmark date (subject to the amount set out in the filed valuation reports).

Since the income approach is adopted by China United Assets Appraisal for preparing the valuation reports 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.

The transfer consideration shall be paid by the transferee to the transferor in two instalments:

- (1) 50% of the transfer consideration shall be paid by the transferee to the transferor within 30 natural days after the Assets Transfer Agreements take effect; and
- (2) The remaining transfer consideration shall be paid by the transferee to the transferor within 90 natural days after the Assets Transfer Agreements take effect.

The transfer consideration and the amount of each instalment under each of the Assets Transfer Agreements are set out as follows:

	Transfer consideration (i.e. the appraised value of Gallium Assets) (RMB0'000)	First instalment (RMB0'000)	Second instalment (RMB0'000)
Assets Transfer Agreement I	16,001.02	8,000.51	8,000.51
Assets Transfer Agreement II	6,676.03	3,338.015	3,338.015
Assets Transfer Agreement III	16,564.11	8,282.055	8,282.055

Effectiveness:

The Assets Transfer Agreements shall take effect upon satisfaction of the following conditions:

- (1) internal competent authorities of the parties having approved the transactions under the agreements; and
- (2) legal representatives or authorized representatives of the parties having signed and stamped the agreements with company seals or contract seals.

Completion:

The completion of the transfer of the Gallium Assets shall take place upon the effectiveness of the Assets Transfer Agreements. The parties shall check and verify the quantity and integrity of the Gallium Assets on the completion date and enter into the “Confirmation of Assets Transfer”. The transferor shall cooperate with the transferee in handling the procedures for transfer of property rights of the Gallium Assets.

3. INFORMATION ON THE GALLIUM ASSETS

The Gallium Assets under the Assets Transfer Agreements are the net assets and liabilities of the gallium production lines held by Certain Branches of China Rare Earth. The appraised value of the Gallium Assets held by Guangxi Gallium Branch of China Rare Earth, Henan Gallium Branch of China Rare Earth and Zunyi Gallium Branch of China Rare Earth were RMB160,010,200, RMB66,760,300 and RMB165,641,100, respectively, with book value of RMB53,208,300, RMB30,666,100 and RMB49,573,900, respectively, in accordance with the valuation reports prepared by China United Assets Appraisal using the income approach with 31 December 2020 as the valuation benchmark date.

According to the financial reports prepared by Certain Branches of China Rare Earth in accordance with China Accounting Standards for Business Enterprises, the net profits (before and after taxation and extraordinary items) of Gallium Assets for the financial years ended 31 December 2019 and 31 December 2020 are set out below:

	For the year ended 31 December 2019		For the year ended 31 December 2020	
	Net profit before taxation and extraordinary items (RMB0'000) (Audited)	Net profit after taxation and extraordinary items (RMB0'000) (Audited)	Net profit before taxation and extraordinary items (RMB0'000) (Audited)	Net profit after taxation and extraordinary items (RMB0'000) (Audited)
Gallium Assets held by Guangxi Gallium Branch of China Rare Earth	491,87	-54.33	1,466.73	628,83
Gallium Assets held by Henan Gallium Branch of China Rare Earth	359,96	-16.11	761,83	38.38
Gallium Assets held by Zunyi Gallium Branch of China Rare Earth	395,76	296,82	1,176.87	344,77

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSETS TRANSFER AGREEMENTS

References are made to the announcements of the Company dated 27 August 2019 and 12 September 2019 in relation to the Company's capital contribution to China Rare Earth with its gallium assets. In 2019, the Company made capital contribution to China Rare Earth with its gallium assets at a price of RMB352,848,100, which is mainly because the gallium business was not the Company's core business, and the capital contribution to China Rare Earth with the gallium assets was more conducive to the development of the gallium business and could help to improve the profitability of China Rare Earth, so that the Company could obtain long-term investment return and realize asset appreciation.

The Company's acquisition of the Gallium Assets from China Rare Earth has mainly taken the following factors into account: the transactions facilitate the realization of synergy between the aluminum and gallium business and improve the production efficiency and effectiveness. Meanwhile, the transactions will also contribute to the planning and establishment of a high-purity material business unit of the Company in the future. Therefore, the Company believes that the acquisition of the Gallium Assets is necessary and beneficial to the Company.

According to the valuation reports with 31 December 2020 as valuation benchmark date prepared by China United Assets Appraisal using the income approach, the total appraised value of the Gallium Assets acquired by the Company is RMB392,411,600 million, which is based on the reasonable expectation of the future development and profitability of the Gallium Assets.

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

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, Certain Branches of China Rare Earth are connected persons of the Company under the Hong Kong Listing Rules, and the transactions contemplated under the Assets Transfer Agreements constitute connected transactions 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 transactions contemplated under the Assets Transfer Agreements on an aggregate basis exceeds 0.1% but is less than 5%, such transactions are subject to the reporting and announcement requirements but exempt from the independent shareholder's approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As Mr. Liu Jianping and Mr. Zhang Jilong, both being Directors of the Company, concurrently hold positions in Chinalco, they have abstained from voting on the Board resolution on such transactions. Saved as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Assets Transfer Agreements and therefore none of the other Directors has abstained from voting on such Board resolution.

6. GENERAL INFORMATION

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 is principally engaged in the mining of resources including bauxite and coal; production, sales and technology research and development of alumina, primary aluminum and aluminum alloy products; international trade; logistics business; thermal and new energy power generation.

Guangxi Branch of the Company is principally engaged in the production and sales of alumina products.

Information on Chalco Mining

Chalco Mining is a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in the mining of bauxite and production of alumina products.

Information on Zunyi Aluminum

Zunyi Aluminum is a joint stock limited company incorporated in the PRC, and a subsidiary of the Company as at the date of this announcement. It is principally engaged in the production and sales of alumina and primary aluminum products. The Company, Guizhou Wujiang Hydropower Development Co., Ltd.* (貴州烏江水電開發有限責任公司) (a company under ultimate and de facto control of the State-owned Assets Supervision and Administration Commission of the State Council and principally engaged in hydropower, thermal power and new energy industries) and certain dispersed shareholders (including investment companies, power companies and asset management companies, each of which holds less than 10% equity interest in Zunyi Aluminum) hold 67.4447%, 24.2548% and 8.3005% equity interest in Zunyi Aluminum, respectively.

Information on China Rare Earth

China Rare Earth is a joint stock limited company incorporated in the PRC, and a subsidiary of Chinalco as at the date of this announcement. Chinalco, the Company, Jiaozuo Wanfang Aluminium Co., Ltd.* (焦作萬方鋁業股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000612) and principally engaged in electrolytic aluminum production, electric power and alloy processing) and certain dispersed shareholders (including natural person, rare earth companies and equity investment fund, each of which holds less than 5% equity interest in China Rare Earth) hold 47.18%, 23.94%, 11.73% and 17.15% equity interest in China Rare Earth, respectively. 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 equipment, refrigeration and air-conditioning equipment, electronic devices, vehicles and spare parts, hardware and electrical equipment, articles of daily use, wood, office communication equipment, vehicles, non-ferrous metals mineral products and processed products.

Guangxi Gallium Branch of China Rare Earth, Henan Gallium Branch of China Rare Earth and Zunyi Gallium Branch of China Rare Earth are all principally engaged in the production and sale of gallium products.

Information on Chinalco

As at the date of this announcement, each of the Company, Chalco Mining, Zunyi Aluminum and China Rare Earth is a subsidiary of Chinalco. Chinalco is a wholly state-owned enterprise incorporated in the PRC and is primarily engaged in the production and sales of aluminum, copper, rare earth and related non-ferrous metals mineral products, smelted products, processed products and carbon products.

7. DEFINITIONS

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

“A Share(s)”	the ordinary shares denominated in RMB issued by the Company which are subscribed for in RMB and 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;
“Assets Transfer Agreement I”	the assets transfer agreement entered into between Guangxi Branch of the Company and Guangxi Gallium Branch of China Rare Earth on 24 August 2021, pursuant to which Guangxi Branch of the Company agreed to acquire and Guangxi Gallium Branch of China Rare Earth agreed to sell the gallium assets;
“Assets Transfer Agreement II”	the assets transfer agreement entered into between Chalco Mining and Henan Gallium Branch of China Rare Earth on 24 August 2021, pursuant to which Chalco Mining agreed to acquire and Henan Gallium Branch of China Rare Earth agreed to sell the gallium assets;
“Assets Transfer Agreement III”	the assets transfer agreement entered into between Zunyi Aluminum and Zunyi Gallium Branch of China Rare Earth on 24 August 2021, pursuant to which Zunyi Aluminum agreed to acquire and Zunyi Gallium Branch of China Rare Earth agreed to sell the gallium assets;
“Assets Transfer Agreements”	the Assets Transfer Agreement I, the Assets Transfer Agreement II and the Assets Transfer Agreement III, collectively;
“Board”	the board of Directors of the Company;
“Chalco Mining”	Chalco Mining Co., Ltd.* (中鋁礦業有限公司), 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 incorporated in the PRC and the controlling Shareholder of the Company, holding directly and indirectly approximately 32.16% 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 the Company and China Rare Earth to evaluate the value of the Gallium Assets;
“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 ADSs of which are listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York 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 held by Certain Branches of China Rare Earth with an appraised asset value of RMB392,411,600 as determined by China United Assets Appraisal using the income approach with 31 December 2020 as the valuation benchmark date;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the overseas listed foreign invested share(s) in the share capital of the Company with a nominal value of RMB1.00 per share, 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)”	A Shareholder(s) and H Shareholder(s);
“subsidiary(ies)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Zunyi Aluminum”	Zunyi Aluminum Co., Ltd.* (遵義鋁業股份有限公司), a joint stock limited company incorporated in the PRC, and a subsidiary of the Company as at the date of this announcement; and
“%”	per cent.

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

Beijing, the PRC
24 August 2021

As at the date of this announcement, the members of the board of directors comprise Mr. Liu Jianping, Mr. Zhu Runzhou, Mr. Ou Xiaowu and Mr. Jiang Tao (Executive Directors); Mr. Zhang Jilong and Mr. Wang Jun (Non-executive Directors); Mr. Qiu Guanzhou, Mr. Yu Jinsong and Ms. Chan Yuen Sau Kelly (Independent Non-executive Directors).

* For identification purposes only