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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
DISPOSAL OF 60% EQUITY INTEREST
IN SHANDONG ENGINEERING**

On 31 October 2017, the Company and CHALIECO entered into the Equity Transfer Agreement, subject to fulfillment of the condition precedents. Pursuant to the Equity Transfer Agreement, the Company agreed to dispose and CHALIECO agreed to acquire 60% equity interest in Shandong Engineering.

As at the date of this announcement, CHALIECO is a non-wholly-owned subsidiary of Chinalco, the controlling shareholder of the Company, thus CHALIECO is a connected person of the Company in accordance with the Hong Kong Listing Rules, and the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction 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 the transaction contemplated under the Equity Transfer Agreement is more than 0.1% but less than 5%, this transaction is subject to the reporting and announcement requirements, but is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

On 31 October 2017, the Company and CHALIECO entered into the Equity Transfer Agreement, subject to fulfillment of the condition precedents. Pursuant to the Equity Transfer Agreement, the Company agreed to dispose and CHALIECO agreed to acquire 60% equity interest in Shandong Engineering.

2. EQUITY TRANSFER AGREEMENT

2.1 Date

31 October 2017

2.2 Parties

- (1) the Company (as the seller of its 60% equity interest in Shandong Engineering); and
- (2) CHALIECO (as the acquirer of the 60% equity interest in Shandong Engineering).

2.3 Nature of the Transaction

The Company conditionally agreed to dispose and CHALIECO conditionally agreed to acquire 60% equity interest in Shandong Engineering.

2.4 Consideration

RMB360,386,500, being the transfer price as agreed in the Equity Transfer Agreement, which is determined after negotiation between the parties with reference to the appraised value of equity interest in Shandong Engineering as set out in the valuation report prepared by China Assets Appraisal as at the Benchmark Date.

Since the income approach is adopted by China Assets Appraisal for preparing the valuation report mentioned above in respect of valuation of the long-term equity investment in Chalco Wancheng, the subsidiary of Shandong Engineering, such valuation constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. The Company will further make an 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.

2.5 Payment

The consideration will be paid in one lump sum by cash to the designated bank account of the Company within 30 business days from the date on which the Equity Transfer Agreement is entered into by CHALIECO.

2.6 Conditions Precedents

The Equity Transfer Agreement shall take effect upon fulfillment by the Company and CHALIECO of necessary internal decision-making procedures in respect of the transfer of equity under the Equity Transfer Agreement in accordance with the applicable laws and regulations as well as their respective Articles of Association.

2.7 Completion

The business registration procedures for the change of shareholder of Shandong Engineering shall be completed within 60 business days after the payment of consideration, and the registration for other changes shall be completed within 120 business days after the payment of consideration.

2.8 Financial Assistance

The financial assistance provided by the Group to Shandong Engineering includes:

- (1) the entrusted loan of RMB30 million provided by Chalco Shandong, a subsidiary of the Company, to Shandong Engineering on 9 June 2017 for a term expiring on 8 June 2018; and
- (2) the provision of financial guarantee of up to RMB200 million by Chalco Shandong for Shandong Engineering for a term of not more than one year, which was considered and approved at the twelfth meeting of the sixth session of the Board held on 27 July 2017. As at the date of this announcement, Chalco Shandong had provided financial guarantee totalling RMB80 million for Shandong Engineering, for a guarantee period of two year commencing from the maturity date of each loan under the principal agreement.

Pursuant to the Equity Transfer Agreement, the aforesaid entrusted loan shall be repaid by Shandong Engineering on the Closing Date, and the aforesaid guarantee shall be assumed by CHALIECO from the Closing Date.

3. INFORMATION OF SHANDONG ENGINEERING

Shandong Engineering was established in July 1995, with registered address at No. 1 Wu Gong Li Road, Zhang Dian District, Zibo, Shandong. Its scope of business includes: metallurgical engineering, design and consulting of construction projects; project cost consulting; general contracting; computer control of production procedures, office automation, design, installation and commissioning, maintenance, software development and outsourcing and consulting services of information network system; manufacturing, sales, installation and maintenance of machinery equipment and non-standard equipment; design, sales, installation and maintenance of dust collectors and water heating equipment; installation and commissioning of weighing apparatus and equipment; energy saving technology services; leasing of properties and equipment; construction of metallurgical engineering, steelwork engineering, petrochemical engineering, housing construction, anti-corrosion insulation works, aluminum-plastic doors and windows engineering and greening works; housing maintenance; lifting operations; furnace masonry; research and development and sales of products in comprehensive utilization of red mud, and mechanical and electrical integration systems and products; research and development of gallium extraction process and sales of products; sales of alumina, aluminum alloy, aluminum, recycled aluminium, metal products, construction materials, electrical and mechanical products, emery, steel, refractory materials, chemical products (excluding those that are dangerous and precursor chemicals), and hardware and electrical equipment; import and export of goods and technologies; design, manufacturing, sales and maintenance of environmental equipment, metallurgical equipment, chemical equipment, electrical equipment, mining special equipment and woven bags; maintenance of special equipment and motor vehicles; warehousing services (excluding hazardous goods); handling, loading and unloading and packaging services; cleaning services; environmental technology advisory services.

According to the asset appraisal report prepared by China Assets Appraisal on the Benchmark Date, as at the Benchmark Date, the appraised value of the total assets and net assets of Shandong Engineering were RMB1,298,853,500 and RMB600,644,200, respectively.

Set out below is the net profits before or after taxation and extraordinary items of Shandong Engineering for the financial years ended 31 December 2015 and 31 December 2016, according to the financial report of Shandong Engineering prepared in accordance with the PRC GAAP.

	For the year ended 31 December 2015 (audited) (RMB'0,000)	For the year ended 31 December 2016 (audited) (RMB'0,000)
Net profit before taxation and extraordinary items	1,821.2	4,055.6
Net profit after taxation and extraordinary items	1,346.0	3,034.3

4. FINANCIAL EFFECT OF THE DISPOSAL

Currently, the Company holds 100% equity interest in Shandong Engineering, thus Shandong Engineering is a wholly-owned subsidiary of the Company. Upon completion of the transaction contemplated under the Equity Transfer Agreement, the Company will still hold 40% equity interest in Shandong Engineering, and Shandong Engineering will cease to be a subsidiary of the Company. Therefore, the financial results and position of Shandong Engineering will be no longer consolidated with the financial statements of the Group.

The gains expected to accrue to the Company from the disposal of 60% equity interest in Shandong Engineering (before deducting taxes and other expenses payable by the Company in respect of the disposal) are approximately RMB167,453,000, which was arrived at by reference to the appraised value and book value of the net assets of 60% equity interest in Shandong Engineering as at the Benchmark Date and having taken into account the expected taxes payable in relation to the disposal (subject to the determination of relevant PRC taxation authority). Shareholders are advised to note that, the actual gains from the disposal under the Equity Transfer Agreement will be calculated based on the relevant figures on the completion date of the 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 or for future investment.

5. REASONS FOR AND BENEFITS OF DISPOSAL OF 60% EQUITY INTEREST IN SHANDONG ENGINEERING

In accordance with the Company's arrangements for quality improvement and efficiency enhancement as well as the short-term and medium-to-long-term objectives of the Company, the Company proposes to improve sustainable profitability through capital operation, and focus on development of principal business by disposal of non-core assets. The disposal of 60% equity interest in Shandong Engineering by the Company will also allow Shandong Engineering to achieve high quality development by leveraging on the platform of CHALIECO, thus creating a win-win situation.

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

6. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CHALIECO is a non-wholly-owned subsidiary of Chinalco, the controlling shareholder of the Company, thus CHALIECO is a connected person of the Company in accordance with the Hong Kong Listing Rules, and the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction 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 the transaction contemplated under the Equity Transfer Agreement is more than 0.1% but less than 5%, this transaction is subject to the reporting and announcement requirements, but is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

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

7. GENERAL INFORMATION

The Company is 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. The Group principally engages in exploration and mining of bauxite, coal and other resources; production, sales and technical development of alumina, primary aluminum and aluminum alloy products; international trading, logistics services, as well as electricity generation from coal and new energy sources.

CHALIECO is a joint stock limited company incorporated in the PRC, whose H shares are listed on the Hong Kong Stock Exchange. The business scope of CHALIECO covers: secondment of personnel necessary for overseas projects; industrial and special planning; survey, design, consulting, supervision, general contracting of PRC construction projects and sales of equipment and raw materials; contracting of overseas non-ferrous metal construction projects and PRC construction projects open for international tenders; survey, consulting, design and supervision of the aforesaid overseas projects; import and export business; equipment manufacturing; research and development of technologies for environmental protection and new material industry and production and sales of relevant products; and property management.

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;
“Benchmark Date”	30 June 2017;
“Board”	the board of Directors of the Company;

“Chalco Shandong”	Chalco Shandong Co., Ltd.* (中鋁山東有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company;
“Chalco Wancheng”	Chalco Wancheng Shandong Construction Company Limited* (中鋁萬成山東建設有限公司), a subsidiary of Shandong Engineering;
“CHALIECO”	China Aluminum International Engineering Corporation Limited* (中鋁國際工程股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange, and the acquirer of the 60% equity interest in Shandong Engineering;
“China Assets Appraisal”	China Assets Appraisal Co., Ltd.* (中資資產評估有限公司), a qualified valuer in the PRC, which is engaged by the Company for appraisal of the value of the equity interest in Shandong Engineering;
“Chinalco”	Aluminum Corporation of China* (中國鋁業公司), a wholly state-owned enterprise established in the PRC and the controlling Shareholder of the Company holding directly and indirectly approximately 34.77% of the total issued share capital of the Company as at the date of this announcement;
“Closing Date”	the date on which the CHALIECO is registered as the holder of the 60% equity interest in Chalco Shandong upon completion of relevant procedures with competent business registration authority by Chalco Shandong;
“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 Agreement”	the agreement entered into between the Company and CHALIECO on 31 October 2017, pursuant to which the Company agreed to sell and CHALIECO agreed to acquire 60% equity interest in Shandong Engineering;
“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;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and the Taiwan region;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shandong Engineering”	Chalco Shandong Engineering Technology Co., Ltd.* (中鋁山東工程技術有限公司), a limited liability company incorporated in the PRC;
“Share(s)”	A Shares and H Shares;
“Shareholder(s)”	A Shareholders and H Shareholders ;

“subsidiary” has the same meaning ascribed thereto under the Hong Kong Listing Rules;

“%” per cent.

By order of the Board
Aluminum Corporation of China Limited*
Zhang Zhankui
Company Secretary

Beijing, the PRC
31 October 2017

As at the date of this announcement, the members of the Board comprise Mr. Yu Dehui, Mr. Ao Hong, Mr. Lu Dongliang and Mr. Jiang Yinggang (Executive Directors); Mr. Liu Caiming 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*