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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)

CONNECTED TRANSACTION
ACQUISITION OF 100% EQUITY INTERESTS
IN PINGGUO ALUMINUM

The Board hereby announces that on 23 August 2022, as considered and approved at the fourth meeting of the eighth session of the Board, the Company entered into the Equity Transfer Agreement with Chinalco, pursuant to which the Company agreed to acquire and Chinalco agreed to sell 100% equity interests in Pingguo Aluminum. Upon completion of the above equity transfer, the Company will hold 100% equity interests in Pingguo Aluminum, and Pingguo Aluminum will become a wholly-owned subsidiary of the Company.

As at the date of this announcement, Chinalco is the controlling shareholder of the Company, and Pingguo Aluminum is a wholly-owned subsidiary of Chinalco. Therefore, Pingguo Aluminum is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the transaction 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 Equity Transfer Agreement exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

According to the relevant requirements of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the proposed acquisition of 100% equity interests in Pingguo Aluminum by the Company shall be submitted to the general meeting for consideration. Therefore, the Company will seek the approval of the shareholders on such matter at the general meeting.

1. INTRODUCTION

The Board hereby announces that on 23 August 2022, as considered and approved at the fourth meeting of the eighth session of the Board, the Company entered into the Equity Transfer Agreement with Chinalco, pursuant to which the Company agreed to acquire and Chinalco agreed to sell 100% equity interests in Pingguo Aluminum. Upon completion of the above equity transfer, the Company will hold 100% equity interests in Pingguo Aluminum, and Pingguo Aluminum will become a wholly-owned subsidiary of the Company.

2. EQUITY TRANSFER AGREEMENT

2.1 Date

23 August 2022

2.2 Parties

- (1) Chinalco (as the transferor of 100% equity interests in Pingguo Aluminum); and
- (2) the Company (as the transferee of 100% equity interests in Pingguo Aluminum).

2.3 Equity Transfer

Pursuant to the Equity Transfer Agreement, the Company agreed to acquire and Chinalco agreed to sell 100% equity interests in Pingguo Aluminum. Upon completion of the above equity transfer, the Company will hold 100% equity interests in Pingguo Aluminum, and Pingguo Aluminum will become a wholly-owned subsidiary of the Company.

2.4 Transfer Price and Payment

The consideration for the transfer is RMB1,887.4740 million, which was determined after arm's length negotiations between the parties to the agreement with reference to the appraised value of 100% equity interests in Pingguo Aluminum as set out in the valuation report prepared by Pan-China Assets Appraisal using the asset-based approach with 31 December 2021 as the valuation benchmark date (subject to the amount in the filed valuation report).

The Company shall remit the transfer price to the settlement account designated by Chinalco in the following manner upon the Equity Transfer Agreement becoming effective and upon completion:

- (1) First instalment: The Company shall pay 50% of the consideration for the transfer, i.e. RMB943.7370 million, within 30 working days from the effective date of the agreement;
- (2) Payment of the remaining consideration: The Company shall pay the remaining 50% of the consideration for the transfer, i.e. RMB943.7370 million, by 31 December 2022.

2.5 Completion

Both parties to the agreement shall perform or assist in the performance of the reporting obligations to the approval authorities, and use their best efforts to cooperate with any reasonable requests and inquiries from the approval authorities in order to obtain the approval of the Equity Transfer Agreement and the transaction thereunder from the approval authorities.

Within 20 working days after the signing and taking effect of the Equity Transfer Agreement, Chinalco shall procure Pingguo Aluminum to go through the registration procedures with the registration authority for the change of equity interests in Pingguo Aluminum as soon as possible, and the Company shall provide necessary assistance and cooperation. The date when the registration authority completes the equity change registration shall be deemed to be the date when the transaction is completed.

After the Equity Transfer Agreement becomes effective, the parties to the agreement shall negotiate and handle the completion of the share transfer as soon as possible. Chinalco shall prepare the List of Assets and Information (《財產及資料清單》) of Pingguo Aluminum, and transfer the assets and such list, ownership certificates, approvals, financial statements, filing materials, stamps and seals, technical assets, among others, of Pingguo Aluminum to the Company within 5 working days after the agreement becomes effective, for verification and inspection by the Company. Chinalco shall bear relevant expenses incurred due to and during the transfer.

Chinalco is responsible for the completeness and authenticity of the materials provided, the consistency between the materials provided and the actual situation of Pingguo Aluminum, and assumes all legal liabilities arising from concealment and false reporting.

2.6 Transitional Arrangement

Upon the Equity Transfer Agreement becoming effective, the assets, control and management rights of Pingguo Aluminum will be transferred from Chinalco to the Company, and the Company will manage and control Pingguo Aluminum.

During the Transitional Period of the Equity Transfer Agreement, Chinalco and Pingguo Aluminum undertake that neither they shall sign, change, modify or terminate any contracts and transactions relating to Pingguo Aluminum, nor shall cause Pingguo Aluminum to assume liabilities or obligations other than the valuation report, transfer or waive their rights, and dispose of the assets of Pingguo Aluminum, except for matters falling within the normal business scope of Pingguo Aluminum.

During the Transitional Period of the Equity Transfer Agreement and prior to the Completion Date, the profits and losses of the relevant assets of Pingguo Aluminum shall be enjoyed and borne by the Company.

2.7 Commitments for Transaction Fee

The Transaction Fee incurred in the process of the transaction under the Equity Transfer Agreement shall be borne by both parties in accordance with relevant regulations.

2.8 Effectiveness of the Agreement

The Equity Transfer Agreement shall become effective upon being signed by the legal representatives or authorised representatives of both parties with their official seals affixed thereto and approved by the relevant approval authorities in accordance with the laws and administrative regulations. The Equity Transfer Agreement shall be established on the date when it is signed by the legal representatives or authorised representatives of both parties with their respective official seals affixed thereto, and shall become effective on the date when the following conditions are satisfied:

- (1) The transaction has been approved by the board of directors of Chinalco and other internal competent authorities.
- (2) The transaction has been approved by the Board, the general meeting and other internal competent authorities of the Company.

2.9 Safeguard Measures

In order to ensure the realisation of the contractual purpose of both parties to the agreement, as agreed by both parties to the agreement through negotiation, the Company has the right to choose from: (i) requiring Chinalco to repurchase 100% equity interests in Pingguo Aluminum at a transfer price not lower than the transfer price agreed in the Equity Transfer Agreement; or (ii) requiring Chinalco to make compensation in any other lawful ways if any of the following circumstances occurs after the Equity Transfer Agreement becomes effective:

- (1) there are material changes in the basis of valuation set out in the valuation report, which may affect the conclusion of the valuation;
- (2) Pingguo Aluminum is required to change its allocated land use right and authorised operating land use right under its name to industrial land grant or for other reasons by the government land administration and other relevant authorities, which leads to the payment of land grant fee and paid use procedures according to law.

3. INFORMATION ON PINGGUO ALUMINUM

Pingguo Aluminum is a company incorporated in the PRC with limited liability. As at the date of this announcement, Pingguo Aluminum is a wholly-owned subsidiary of Chinalco and its principal business is land leasing, logistics services, security services, terminal loading and unloading, installation and maintenance of mechanical and electrical equipment, project supervision and contracting, etc. The cost of 100% equity interests in Pingguo Aluminum held by Chinalco represents the amount invested by Chinalco over the years, which is approximately RMB498 million.

According to the valuation report prepared by Pan-China Assets Appraisal using the asset-based approach, the appraised value of the net assets of Pingguo Aluminum as at the valuation benchmark date was RMB1,887.4740 million. According to the financial report of Pingguo Aluminum prepared in accordance with the PRC Accounting Standards for Business Enterprises, the carrying amount of the total assets and the carrying amount of the net assets of Pingguo Aluminum as of 31 December 2021 were RMB749.3407 million and RMB678.1413 million, respectively. The significant appreciation in the net assets of Pingguo Aluminum was due to the relatively higher appreciation in the valuation of the lands held by it.

The net profits (before or after taxes and non-recurring items) of Pingguo Aluminum for the financial years ended 31 December 2020 and 31 December 2021 are set out below:

	For the financial year ended 31 December 2020 <i>(RMB0'000)</i> (Audited)	For the financial year ended 31 December 2021 <i>(RMB0'000)</i> (Audited)
Net profit before taxes and non-recurring items	2,398.01	5,120.57
Net profit after taxes and non-recurring items	932.47	3,250.27

4. REASONS FOR AND BENEFITS OF THE TRANSACTION

Pingguo Aluminum currently mainly provides leasing of land use rights and logistics services to Guangxi Branch of the Company. The acquisition of 100% equity interests in Pingguo Aluminum by the Company can reduce the daily related party transactions between the Company and Chinalco and expenses thereof, and the land use rights held by Pingguo Aluminum will also be transferred to the Company, which is conducive to enhancing the asset completeness and independence of business of the Company. The main assets of Pingguo Aluminum are the land, wharf and real estate in the factory area. The assets are scarce, and have room for value preservation and appreciation, and the acquisition is economical. After the completion of the acquisition, the unified management of Pingguo Aluminum and Guangxi Branch of the Company can also be realised, which will bring into play the synergy of the management and business of the two companies and help further reduce costs and increase efficiency.

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, and the terms contained therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole. However, such transaction is not conducted in the ordinary or usual course of business of the Group due to its nature.

5. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Chinalco is the controlling shareholder of the Company, and Pingguo Aluminum is a wholly-owned subsidiary of Chinalco. Therefore, Pingguo Aluminum is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the transaction 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 Equity Transfer Agreement exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

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

According to the relevant requirements of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the proposed acquisition of 100% equity interests in Pingguo Aluminum by the Company shall be submitted to the general meeting for consideration. Therefore, the Company will seek the approval of the shareholders on such matter at the general meeting.

6. GENERAL INFORMATION

Information on the Company

The Company is a joint stock limited company incorporated in the PRC, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. The Group principally engages in the mining of bauxite, coal and other resources; production, sales and technical development of alumina, primary aluminum and aluminum alloy products; international trade; logistics business; thermal and new energy power generation, etc.

Information on 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, fabrication products and carbon products, etc.

7. DEFINITIONS

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

“A Shares”	ordinary shares denominated in RMB issued by the Company, 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 incorporated in the PRC and the controlling shareholder of the Company, holding directly and indirectly approximately 31.95% 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 and H Shares of which are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively;
“Completion Date”	the date of completion of the equity transfer;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Directors”	the director(s) of the Company;
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and Chinalco on 23 August 2022, pursuant to which the Company agreed to acquire and Chinalco agreed to sell 100% equity interests in Pingguo Aluminum;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Pan-China Assets Appraisal”	Beijing Pan-China Assets Appraisal Co., Ltd., a qualified appraisal company in the PRC, engaged by Chinalco and Chinalco Asset Operation and Management Co., Ltd. (“ Chinalco Asset ”, a wholly-owned subsidiary of Chinalco) jointly to value the 100% equity interests in Pingguo Aluminum;
“Pingguo Aluminum”	Pingguo Aluminum Co., Ltd.* (平果鋁業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Chinalco as at the date of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“subsidiary(ies)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Transaction Fee”	the expenses and expenditure incurred by the transferor and/or the transferee or Pingguo Aluminum in connection with the target shares or the negotiation, preparation, execution of the Equity Transfer Agreement and/or any document under the Equity Transfer Agreement, or the performance or completion of the transaction under the Equity Transfer Agreement, including obtaining any waiver, consent or approval from any governmental authority or third party as may be necessary or appropriate;
“Transfer Benchmark Date”	the benchmark date on which Chinalco and Chinalco Asset engage a legally qualified audit and valuation institution to audit and assess the value of the target shares and issue an audit report and an asset valuation report in respect of the target shares, being 31 December 2021;
“Transitional Period”	the period from the Transfer Benchmark Date to the Completion Date; and

“%”

per cent.

By Order of the Board
Aluminum Corporation of China Limited*
Ge Xiaolei
Joint Company Secretary

Beijing, the PRC
23 August 2022

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

* *For identification purpose only*