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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

The Board hereby announces that on 8 September 2023, Yunnan Aluminum and Qinghai Branch entered into the Transfer Agreement, pursuant to which Yunnan Aluminum has agreed to dispose and Qinghai Branch has agreed to acquire the electrolytic aluminum capacity quota of 100,000 tonnes.

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and Yunnan Aluminum is a 30%-controlled company of Chinalco. Therefore, Yunnan Aluminum is a connected person of the Company under the Hong Kong Listing Rules, and 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 Transfer Agreement exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

The Board hereby announces that on 8 September 2023, Yunnan Aluminum and Qinghai Branch entered into the Transfer Agreement, pursuant to which Yunnan Aluminum has agreed to dispose and Qinghai Branch has agreed to acquire the electrolytic aluminum capacity quota of 100,000 tonnes.

2. TRANSFER AGREEMENT

(1) Date

8 September 2023

(2) Parties

- (i) Qinghai Branch (as the acquirer of the Target Assets); and
- (ii) Yunnan Aluminum (as the seller of the Target Assets).

(3) Nature of Transaction

Yunnan Aluminum agreed to dispose and Qinghai Branch agreed to acquire the Target Assets, i.e. electrolytic aluminum capacity quota of 100,000 tonnes.

(4) Transfer Consideration and Payment

The transfer consideration is RMB601,878,000, which was determined by the parties with reference to the appraised value of the Target Assets set out in the valuation report prepared by Zhongtianhua using the market approach with 31 May 2023 as the Valuation Benchmark Date (subject to the amount set out in the filed valuation report) and after arm's length negotiation. Qinghai Branch shall pay the transfer consideration to Yunnan Aluminum in accordance with the following agreement:

- (i) First instalment of the transfer consideration: Qinghai Branch shall pay Yunnan Aluminum 50% of the total appraised value of the Target Assets, being RMB300,939,000, within 10 days after the signing of the Transfer Agreement;
- (ii) Second instalment of the transfer consideration: Qinghai Branch shall pay Yunnan Aluminum the remaining 50% of the total appraised value of the Target Assets, being RMB300,939,000, within five days after the transfer procedures have been completed.

Other costs incurred during the transfer of the Target Assets shall be borne by Qinghai Branch, and the relevant taxes shall be paid by both parties in accordance with the relevant regulations.

For details of the valuation, please refer to the section headed "3. Basis for Determining the Consideration" below.

(5) Conditions Precedent

The Transfer Agreement shall take effect upon being signed by the legal representatives (persons in charge) or authorised persons and the fixing of contract seals from both parties.

(6) Completion

The parties agree that Target Assets are legally delivered upon the satisfaction of the following conditions:

- (i) the Transfer Agreement having taken effect;
- (ii) Qinghai Branch having paid the transfer consideration in full in accordance with the terms of the Transfer Agreement; and
- (iii) Qinghai Branch having completed the procedures for the transfer of Target Assets with Yunnan Aluminum's cooperation.

3. BASIS FOR DETERMINING THE CONSIDERATION

The transfer consideration was determined by the parties with reference to the appraised value of the Target Assets set out in the valuation report prepared by Zhongtianhua using the market approach with 31 May 2023 as the Valuation Benchmark Date (subject to the amount set out in the filed valuation report) and after arm's length negotiation.

(1) Reasons for Adopting the Market Approach

Market approach refers to the valuation method that determines the value of appraised assets by comparing and analyzing the recent transaction prices of the same or similar assets in the market. As recent transaction prices of similar assets can be found in the market, direct comparison or analogical analysis can be conducted to estimate the asset value, therefore, the market approach can be adopted for this valuation. As the Target Assets are the capacity quota, they are intangible assets and there is no available historical information to accurately estimate the cost of the assets, therefore, it is not appropriate to adopt the cost approach for this valuation. In addition, as the Target Assets are not included in the total capacity quota of Yunnan Aluminum and cannot be used for production, the future revenue cannot be predicted, therefore, it is not appropriate to adopt the income approach for the valuation this time.

(2) Valuation Assumptions Used in the Market Approach

- (i) Transaction assumption: it is assumed that all the assets to be valued are already in the process of transaction and the valuer carries out the valuation based on a simulated market which involves the transaction conditions of the assets to be valued;
- (ii) Open market assumption: open market assumption is an assumption for the conditions of assets proposed to enter the market and how the assets will be affected under such market conditions. Open market refers to the fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal standing and have opportunities and time to access sufficient market information; parties to the transaction trade voluntarily, rationally, under no compulsion and without restriction;
- (iii) It is assumed that there will be no material changes to the macro-economic policies, industrial policies or regional development policies in the country after the Valuation Benchmark Date;
- (iv) It is assumed that all information provided by the assets' owner in connection with the valuation is true, complete, lawful and valid; and
- (v) In this valuation, the valuer has made reference to and adopted the transaction information and transaction data publicly announced by the domestic assets and equity exchanges and listed companies, and it is assumed that the transaction information and the relevant transaction data as announced above are true, reliable and fully disclosed.

(3) Detailed Process of Market Approach Valuation

After conducting market research and following the principles of comparability based on the same type of quota assets, the closest trading time, and the closest trading scale, the following three trading cases are selected as the comparable cases:

Item	Case 1	Case 2	Case 3
Case name	Public transfer of electrolytic aluminum capacity quota of 100,000 tonnes from Shandong Nanshan Aluminum Co., Ltd.* (山東南山鋁業股份有限公司) to Guizhou Province Liupanshui Shuangyuan Aluminum Industry Co., Ltd.* (貴州省六盤水雙元鋁業有限責任公司)	Public transfer of electrolytic aluminum capacity quota of 136,000 tonnes from Shandong Nanshan Aluminum Co., Ltd.* (山東南山鋁業股份有限公司) to Guizhou Xingren Denggao New Material Co., Ltd.* (貴州興仁登高新材料有限公司)	Public transfer of electrolytic aluminum capacity quota of 100,000 tonnes from Shandong Nanshan Aluminum Co., Ltd.* (山東南山鋁業股份有限公司) to Guizhou Huaren New Materials Co., Ltd.* (貴州華仁新材料有限公司)
Trading time	13 March 2023	9 February 2023	17 January 2023
Valuation benchmark date	30 November 2022	30 November 2022	30 November 2022
Subject of the transaction	Electrolytic aluminum capacity quota of 100,000 tonnes	Electrolytic aluminum capacity quota of 136,000 tonnes	Electrolytic aluminum capacity quota of 100,000 tonnes
Unit price (RMB/tonne)	6,633.00	6,633.00	6,633.00
Transaction condition	Public transfer	Public transfer	Public transfer
Average trading price of aluminum ingots for the year before the valuation benchmark date (RMB/tonne)	19,959.00	19,959.00	19,959.00

As shown in the table below, the valuer revised the unit prices of the transactions in such three cases based on trading type, trading time, trading volume and trading conditions. Through the revision process described below, the valuer has determined that the comparable unit price is RMB6,018.78 per tonne, and therefore the appraised value of the Target Assets is as follows:

The appraised value of electrolytic aluminum capacity quota = capacity scale × comparable unit price = 100,000 × 6,018.78 = RMB601,878,000.

Item/Revision coefficient	Case 1	Case 2	Case 3
Unit price (<i>RMB/tonne</i>)	6,633.00	6,633.00	6,633.00
Type of trading asset	1.0000	1.0000	1.0000
Trading time	0.9346	0.9346	0.9346
Trading volume	1.0000	1.0000	1.0000
Trading condition	0.9709	0.9709	0.9709
Revision coefficient	0.9074	0.9074	0.9074
Unit price after revision (<i>RMB/tonne</i>)	6,018.78	6,018.78	6,018.78
Comparable unit price (<i>RMB/tonne</i>)		6,018.78	

(4) Opinions of the Board

The Board has discussed with the valuer and reviewed the valuation report. Having fully considered the valuation approach adopted by the valuer (including the comparable unit price and the selection of comparable transaction cases) as well as the valuation assumptions, the Board is of the view that the results of the valuation by adopting the market approach are able to reflect the true value of the Target Assets, being fair and reasonable.

4. INFORMATION ON THE TARGET ASSETS

As at the Valuation Benchmark Date, the carrying value of the Target Assets under the Transfer Agreement was RMB401,189,900 (tax exclusive).

Due to the particular nature of the Target Assets and their status of constant idleness, there was no corresponding net profit (before and after taxation and extraordinary items) of the Target Assets under the Transfer Agreement for the financial years ended 31 December 2021 and 31 December 2022.

The original acquisition cost of the Target Assets held by Yunnan Aluminum was RMB399,003,600 (tax exclusive).

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

The transaction is in line with the Company's strategic development plan, which is conducive to the revitalization of the idle electrolytic aluminum capacity quota of Yunnan Aluminum on the one hand, and to meet the quota demands for the construction of electrolytic aluminum project of Qinghai Branch on the other hand. The transaction is constructive to the optimization of the Company's industrial layout to enhance the overall competitiveness and profitability, and is in line with the interests of the Company and the Shareholders as a whole.

The Directors (including independent non-executive Directors) are of the view that the transaction contemplated under the Transfer Agreement is on normal commercial terms, and the terms under the agreement are fair and reasonable and in the interests of the Company and its 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.

6. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and Yunnan Aluminum is a 30%-controlled company of Chinalco. Therefore, Yunnan Aluminum is a connected person of the Company under the Hong Kong Listing Rules, and 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 Transfer Agreement exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

None of the Directors has any material interests in the transaction contemplated under the Transfer Agreement and therefore none of the Directors has abstained from voting on such Board resolution.

7. GENERAL INFORMATION

Information on the Company and Qinghai Branch

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 exploration and mining of bauxite, coal and other resources; production, sales and technology research of alumina, primary aluminum, aluminum alloy and carbon products; international trade; logistics business; thermal and new energy power generation, etc.

Qinghai Branch of the Company is mainly engaged in the production of primary aluminum and alloy products.

Information on Chinalco

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company. Chinalco is a wholly state-owned enterprise incorporated in the PRC and is primarily engaged in development of mineral resources, smelting and processing of non-ferrous metal, relevant trading and engineering and technical services, etc.

Information on Yunnan Aluminum

Yunnan Aluminum is a joint stock limited company incorporated in the PRC, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000807). As at the date of this announcement, Yunnan Aluminum is a subsidiary of the Company whose scope of business includes processing and sales of aluminum ingots for remelting and processed aluminum products, carbon and carbon products and alumina; wholesale, retail, purchase and sale as an agent for construction materials, decoration materials, metal materials, furniture, ordinary machinery, automobile accessories, hardware & electric materials, chemical products (excluding management products), ceramics, minerals and daily necessities; production of ammonium sulfate fertilizer; manufacturing and installment of motorcycle accessories, industrial chemicals, aluminum doors and windows and construction of the interior decoration projects; import and export of goods, ordinary freight, logistics services (excluding flammable, explosive and dangerous chemicals), design and planning of logistics programs; storage, packaging, transport, loading and unloading of goods; overseas futures hedge business (operating with licenses); professional contracting of steel structure projects and professional contracting of furnace projects.

8. DEFINITIONS

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

“30%-controlled company”	has the same meaning ascribed thereto under the Hong Kong Listing Rules. As at the date of this announcement, Chinalco indirectly holds 13% equity interest in Yunnan Aluminum through its subsidiary, Yunnan Metallurgical Group Co., Ltd.* (雲南冶金集團股份有限公司) and 29.10% equity interest in Yunnan Aluminum through the Company. Therefore, Yunnan Aluminum is a 30%-controlled company of Chinalco;
“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;
“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 established in the PRC and the controlling Shareholder of the Company, holding directly and indirectly approximately 31.90% 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;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Director(s)”	the director(s) of the Company;
“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;
“Qinghai Branch”	Qinghai Branch of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	A Share(s) and H Share(s);
“Shareholder(s)”	holder(s) of A Share(s) and holder(s) of H Share(s);

“subsidiary(ies)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Target Assets”	the electrolytic aluminum capacity quota of 100,000 tonnes sold by Yunnan Aluminum under the Transfer Agreement;
“Transfer Agreement”	the transfer agreement dated 8 September 2023 entered into between Yunnan Aluminum and Qinghai Branch, pursuant to which Yunnan Aluminum has agreed to dispose and Qinghai Branch has agreed to acquire the Target Assets;
“Valuation Benchmark Date”	31 May 2023;
“Yunnan Aluminum”	Yunnan Aluminum Co., Ltd.* (雲南鋁業股份有限公司), a joint stock limited company incorporated in the PRC, the A shares of which are listed on Shenzhen Stock Exchange, and a subsidiary of the Company as at the date of this announcement;
“Zhongtianhua”	Beijing Zhongtianhua Asset Appraisal Co., Ltd.* (北京中天華資產評估有限責任公司), a PRC qualified valuer which was engaged by Yunnan Aluminum to evaluate the value of the Target Assets under the Transfer Agreement; and
“%”	Per cent.

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

Beijing, the PRC
8 September 2023

As at the date of this announcement, the members of the Board comprise 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 purposes only