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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 —  
DISPOSAL OF EQUITY INTERESTS IN  
CHINA ALUMINUM INTERNATIONAL  
CONSTRUCTION LIMITED\***

**SUMMARY**

In compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC, CIT, a subsidiary of the Company, listed the Equity Interests in CICL on CBEX on 22 November 2010 for open bidding by public bidders. Chinalco, being the only bidder for the Equity Interests, successfully bid the Equity Interests and on 20 December 2010, CIT, as vendor, entered into the Agreement with Chinalco, as purchaser, for the Disposal of the Equity Interests in CICL to Chinalco at a consideration of RMB156,986,000 (equivalent to approximately HK\$183,673,620).

Chinalco, being the controlling shareholder of the Company, is a connected person of the Company for the purpose of the Listing Rules. Hence, the Disposal constitutes a connected transaction of the Company as defined under Rule 14A.13(1)(a) of the Listing Rules. As the highest percentage ratio among all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **I. INTRODUCTION**

In compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC, CIT, a subsidiary of the Company, listed the Equity Interests on CBEX on 22 November 2010 for open bidding by public bidders. Chinalco, being the only bidder for the Equity Interests, successfully bid the Equity Interests and on 20 December 2010, CIT, as vendor, entered into the Agreement with Chinalco for the Disposal of the Equity Interests in CICL, being all of CIT's interests in CICL, to Chinalco at a consideration of RMB156,986,000 (equivalent to approximately HK\$183,673,620). Upon completion of the Agreement, the Company shall cease to have any interest in CICL.

## **II. THE AGREEMENT**

### **A. Date**

20 December 2010

### **B. Parties**

- (i) CIT, as vendor; and
- (ii) Chinalco, as purchaser

### **C. Consideration**

RMB156,986,000 (equivalent to approximately HK\$183,673,620), of which:

- (i) RMB109,986,000 (equivalent to approximately HK\$128,683,620) shall be paid by Chinalco in cash within 5 business days from the date of the Agreement; and
- (ii) RMB47,000,000 (equivalent to approximately HK\$54,990,000), which has been paid by Chinalco to CBEX as earnest money when Chinalco submitted its bid for the Equity Interests, shall be applied as part payment of the Consideration.

## D. Other material terms

The Agreement contains the following material terms:

- (i) in the event that a Party terminates the Agreement otherwise than in accordance with the Agreement, such Party shall pay to the other Party an amount equivalent to 5% of the Consideration and compensate the other Party for any losses it incurs as a result of the termination of the Agreement;
- (ii) in the event of late payment of the Consideration by Chinalco, interest shall accrue on the unpaid portion of the Consideration at the rate of 0.02% per day. If the Consideration is not paid within 5 days from the due date of the same, CIT shall be entitled to terminate the Agreement and Chinalco shall pay an amount equivalent to 5% of the Consideration to CIT as compensation;
- (iii) in the event that CIT fails to perform its filing and registration obligations in respect of the transfer of the Equity Interest under the Agreement, Chinalco shall be entitled to terminate the Agreement and CIT shall pay an amount equivalent to 5% of the Consideration to Chinalco as compensation; and
- (iv) in the event that CIT fails to disclose, or CIT's disclosure omits, information on the assets or indebtedness of CICL, which may have a material adverse impact on the position of CICL or an impact on the Consideration, Chinalco shall be entitled to terminate the Agreement and CIT shall pay an amount equivalent to 5% of the Consideration to Chinalco as compensation. If Chinalco does not exercise its right to terminate the Agreement, CIT shall compensate Chinalco for any losses (attributable to the Equity Interests) that CICL may incur as a result of the relevant asset or indebtedness.

The Consideration was determined by the bidding price submitted by Chinalco to CBEX when it bid for the Equity Interests. As part of the listing requirements of CBEX, CIT instructed Beijing Zhongfeng Asset Evaluation Limited to prepare the Valuation Report, which was available to the public bidders for assessment of the value of the Equity Interests.

The profit expected to arise from the Disposal (before deducting taxes and other expenses payable by CIT in respect of the Disposal), being the difference between the Consideration and the net book value of the Equity Interests, is RMB 146,986,000 (equivalent to approximately HK\$171,973,620). CIT intends to use the net proceeds arising from the Disposal as its working capital.

### **III. REASONS FOR THE DISPOSAL**

In view of the complex structure of the Group and the intersect holdings of interests in various companies within the Group between the Company and Chinalco, the Directors consider that the Disposal will simplify the Group's structure and improve the quality of management and corporate governance of the Group.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the Disposal (including the basis of the Consideration) is on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **IV. INFORMATION ON CICL**

CICL is established in the PRC with limited liability and is owned as to 5% by CIT and 95% by Chinalco. The business scope of CICL comprises: (i) licensed business activities: secondment of personnel necessary for overseas projects; and (ii) general business activities: exploration, design, consulting, general contracting, supervision, sale of equipments and raw materials of PRC construction projects; exploration, design, consulting, general contracting and supervision of overseas non-ferrous metal construction projects and PRC construction projects open for international tenders; import and export businesses and property management.

In accordance with PRC Generally Accepted Accounting Principles, the audited consolidated profits (before and after taxation and extraordinary items) attributable to the Equity Interests for the financial years ended 31 December 2008 and 31 December 2009 are set out as follows:

	<b>Year ended 31 December 2009 (RMB)</b>	<b>Year ended 31 December 2008 (RMB)</b>
Profit before taxation and extraordinary items	12,358,630 (equivalent to approximately HK\$14,459,597)	18,274,410 (equivalent to approximately HK\$21,381,060)
Profit after taxation and extraordinary items	10,945,880 (equivalent to approximately HK\$12,806,680)	15,360,055 (equivalent to approximately HK\$17,971,264)

The book value of the Equity Interests is RMB10,000,000 (equivalent to approximately HK\$11,700,000) as at 31 December 2009 and the appraised value of the Equity Interests is RMB156,986,000 (equivalent to approximately HK\$183,673,620), based on the Valuation Report.

## **V. INFORMATION ON THE COMPANY AND CHINALCO**

The Company is the largest producer of alumina and primary aluminum in the PRC. It is principally engaged in bauxite mining, alumina refining and primary aluminum smelting.

Chinalco, the controlling shareholder of the Company, is a state-owned enterprise established in accordance with the laws of the PRC. It is principally engaged in (i) investment and operation management of state-owned assets; (ii) bauxite mining, alumina refining, smelting, processing and trading of aluminum; (iii) mining, smelting, processing and trading of rare metals and rare earth; (iv) mining, smelting, processing and trading of copper and other nonferrous metals; and (v) related engineering and technological services.

## VI. THE LISTING RULES IMPLICATIONS

Chinalco, being the controlling shareholder of the Company, is a connected person of the Company for the purpose of the Listing Rules. Hence, the Disposal constitutes a connected transaction of the Company as defined under Rule 14A.13(1)(a) of the Listing Rules. As the highest percentage ratio among all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

- “Agreement” means the equity transfer agreement dated 20 December 2010 entered into between CIT as vendor and Chinalco as purchaser in relation to the Disposal;
- “Board” means the board of directors of the Company;
- “CBEX” means 北京產權交易所, China Beijing Equity Exchange Group, an equity exchange services institution authorised by the Beijing Municipal Government of the PRC;
- “Chinalco” means 中國鋁業公司, Aluminum Corporation of China, a state-owned enterprise established in the PRC and the controlling shareholder of the Company;
- “CICL” means 中鋁國際工程有限責任公司, China Aluminum International Construction Limited\*, a limited liability company established in the PRC owned as to 5% by CIT and 95% by Chinalco;
- “CIT” means 中鋁國際貿易有限公司, China Aluminum International Trading Co., Ltd.\*, a limited liability company incorporated in the PRC and a subsidiary of the Company owned as to 90.5% by the Company;

“Company”	means 中國鋁業股份有限公司, Aluminum Corporation of China Limited*, a joint stock limited company established in the PRC with limited liability, the A Shares, H Shares and American Depositary Receipts of which are listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange, respectively;
“Consideration”	means the consideration of the Disposal to be paid by Chinalco to CIT;
“Directors”	means the directors of the Company;
“Disposal”	means the disposal of 5% equity interests in CICL by CIT to Chinalco under the Agreement upon the successful bidding of the Equity Interests by Chinalco on CBEX;
“Equity Interests”	means the 5% equity interests in CICL owned by CIT, being all of CIT’s interests in CICL;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Group”	means the Company and its subsidiaries;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Parties”	means the parties to the Agreement, namely, CIT and Chinalco;
“PRC”	means the People’s Republic of China excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

- “RMB” means Renminbi, the lawful currency of the PRC; and
- “Valuation Report” means the asset valuation report on the Equity Interests dated 14 November 2010 prepared by Beijing Zhongfeng Asset Evaluation Limited\* (北京中鋒資產評估有限責任公司), an asset valuation company appointed by CIT.

*For the purpose of this announcement, translations of RMB into Hong Kong dollars are made for illustration purposes only at the exchange rate of HK\$1.17 to RMB1.00.*

By order of the Board  
**Aluminum Corporation of China Limited\***  
**Liu Qiang**  
*Company Secretary*

Beijing, the PRC  
20 December 2010

*As at the date of this announcement, the members of the Board of Directors comprise Mr. Xiong Weiping, Mr. Luo Jianchuan and Mr. Liu Xiangmin (executive Directors); Mr. Shi Chungui and Mr. Lu Youqing (non-executive Directors); Mr. Zhang Zhuoyuan, Mr. Wang Mengkui and Mr. Zhu Demiao (independent non-executive Directors).*

\* *For identification purpose only*