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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 TRANSACTIONS**

**JOINT OPERATION OF MAOCHANG MINE WITH CHINALCO  
AND ACQUISITION OF CERTAIN INCOME SHARING RIGHTS OF  
MAOCHANG MINE**

The Board of the Company hereby announces that, on 28 June 2016, the Company entered into a Cooperative Exploration Agreement with Chinalco, pursuant to which the Company will jointly operate Maochang Mine with Chinalco and hold 58.15% of the Income Sharing Rights thereof. On the same day, the Company entered into an Income Sharing Rights Transfer Agreement with Chinalco, pursuant to which the Company will acquire 80% of Chinalco's Income Sharing Rights in Maochang Mine. Upon completion of the transactions under the Cooperative Exploration Agreement and the Income Sharing Rights Transfer Agreement, the Company will hold 91.63% of the Income Sharing Rights of Maochang Mine.

As at the date of this announcement, Chinalco is the substantial Shareholder of the Company and therefore is a connected person of the Company, and the transactions under the Cooperative Exploration Agreement and the Income Sharing Rights Transfer Agreement in aggregate constitute connected transactions of the Company. As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules), calculated on an aggregated basis, in respect of the connected transactions exceeds 0.1% but is less than 5%, pursuant to Chapter 14A of the Hong Kong Listing Rules, the connected transactions are subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **INTRODUCTION**

The Board of Aluminum Corporation of China Limited\* (the “**Company**”) hereby announces that on 28 June 2016, the Company entered into a Cooperative Exploration Agreement with Chinalco, pursuant to which the Company will jointly operate Maochang Mine with Chinalco and hold 58.15% of the Income Sharing Rights thereof. On the same day, the Company entered into an Income Sharing Rights Transfer Agreement with Chinalco, pursuant to which the Company will acquire 80% of Chinalco’s Income Sharing Rights in Maochang Mine. Upon completion of the transactions under the Cooperative Exploration Agreement and the Income Sharing Rights Transfer Agreement, the Company will hold 91.63% of the Income Sharing Rights of Maochang Mine.

## **COOPERATIVE EXPLORATION AGREEMENT**

### **Date**

28 June 2016

### **Parties**

- (1) The Company; and
- (2) Chinalco.

### **Term of joint operation**

From 1 July 2016 to 30 December 2038

### **Way of cooperation and ratio of contribution**

The main resource of Maochang Mine is bauxite resource. Chinalco owns the Mining Right of Maochang Mine. In accordance with the valuation report issued by Chongqing Hourun in relation to the Mining Right, as at the Valuation Base Date, the appraised value of the said Mining Right was RMB475 million. Guizhou branch of the Company commenced construction of Maochang Mine in 2011. As at 31 March 2016 (as the base date), the carrying value for construction investment of the Company in the Maochang Mine amounted to RMB660 million.

Chinalco and the Company propose to make contributions with Mining Right (representing approximately 41.85% of the total contribution to Maochang Mine) and construction investment (representing approximately 58.15% of the total contribution to Maochang Mine), respectively, and adopt the way of cooperative exploration for the operation of Maochang Mine during the term of joint operation.

The amounts and ratios of contribution (subject to adjustment according to the appraised value of fixed asset of Maochang Mine which is expected to be capitalized from the current construction in progress) are determined by both parties after arm's length negotiations with reference to the appraised value of Chinalco's Mining Right as at the Valuation Base Date as set out in the valuation report issued by Chongqing Hourun in relation to the Mining Right and the carrying amount of the Company's construction investment as at the Valuation Base Date.

During the term of cooperative operation, Chinalco will be responsible for the maintenance of Mining Right and resolution of relevant issues, while the Company will be responsible for construction investment and daily operation of Maochang Mine. Both parties shall share operating costs and operating income and undertake operational risks to the extent of their respective ratio of contribution.

### **Income sharing**

Based on both parties' ratios of contribution, during the term of cooperative operation, Chinalco and the Company are entitled to 41.85% and 58.15% of the income of Maochang Mine, respectively.

### **Taxes**

During the term of cooperative operation, all the taxes incurred from mining and operation of Maochang Mine shall be borne by the subject as specified by laws and regulations or by both parties on a pro-rata basis in case of no responsible subject under laws and regulations.

### **Representations and warranties**

Chinalco undertakes that it owns the legitimate Mining Right of Maochang Mine. Chinalco warrants that the Mining Right and relevant interests are free from any mortgage, pledge or guarantee and are not leased to any third party; otherwise, Chinalco shall assume all the consequences resulting therefrom.

## **INCOME SHARING RIGHTS TRANSFER AGREEMENT**

### **Date**

28 June 2016

### **Parties**

- (1) the Company; and
- (2) Chinalco.

## **Subject matter**

Chinalco will transfer 80% of its Income Sharing Rights under the Cooperative Exploration Agreement (representing approximately 33.48% of the total Income Sharing Rights of Maochang Mine) to the Company. Upon completion of the transfer, the Company will own approximately 91.63% of the total Income Sharing Rights of Maochang Mine under the Cooperative Exploration Agreement.

Since Maochang Mine has not yet started operation, for the financial years ended 31 December 2014 and 31 December 2015, no net profit (before and after taxes and non-recurring items) was involved in the Income Sharing Rights under the Income Sharing Rights Transfer Agreement.

## **Consideration**

The consideration is RMB349.95 million which is determined by both parties after arm's length negotiations with reference to the appraised value as at the Valuation Base Date as set out in the valuation report issued by Chongqing Hourun in respect of Income Sharing Rights.

## **Payment**

The Company shall pay 80% (i.e. RMB279.96 million) of the transfer consideration to Chinalco prior to 30 June 2016 (subject to the receipt by Chinalco's bank account) and pay the balance amount prior to 31 December 2016.

## **Warranty of Chinalco on relevant Income Sharing Rights**

Chinalco warrants that it legally owns the Income Sharing Rights under the Income Sharing Rights Transfer Agreement (representing approximately 33.48% of the total Income Sharing Rights of Maochang Mine).

## **PROFIT FORECAST IN RESPECT OF THE VALUATION METHOD**

As the discounted cash flow method was applied in the aforesaid valuation report prepared by Chongqing Hourun in relation to the Mining Right and the future income discount method was applied in the aforesaid valuation report prepared by Chongqing Hourun in relation to the Income Sharing Rights, the calculations of the Mining Right and Income Sharing Rights of Maochang Mine as set out in the two valuation reports are deemed as profit forecasts under Rule 14.61 of the Hong Kong Listing Rules. Accordingly, the Company discloses the following valuation details in compliance with Rule 14.62 of the Hong Kong Listing Rules.

Details of the principal assumptions (including the commercial assumptions as the basis for the profit forecasts of the Mining Right and Income Sharing Rights of Maochang Mine) are set out below:

1. the conclusions of the valuation reports are arrived at assuming that the information provided by the Company and Chinalco is comprehensive, authentic and accurate;
2. the conclusions of the valuation reports are arrived at in accordance with the existing laws and regulations and subject to the relevant laws and regulations;
3. the resource reserve used in the valuations is based on the estimated resource reserve under the Report on Verification of the Resource Reserve of Maochang Bauxite Exploration Area in Qingzhen City, Guizhou Province (《貴州省清鎮市貓場鋁土礦勘探區資源儲量核實報告》) issued by No. 115 Geological Brigade of the Bureau of Geology and Mineral Exploration and Development of Guizhou Province (貴州省地礦局一一五地質大隊) in September 2007;
4. the valuations are carried out based on the production mode, investment, production scale and cost as well as the technology development level and the market supply and demand as set out in the Instructions on Preliminary Design of the Underground Exploration Project of Maochang Mine Line 0 -24 of Guizhou Branch of Aluminum Corporation of China Limited (《中國鋁業股份有限公司貴州分公司貓場礦0-24線地下開採工程初步設計說明書》) issued by Changsha Design and Research Institute of Nonferrous Metallurgy Co., Ltd. in September 2011 and its instructions on adjustments to estimates on a going concern basis; and
5. the conclusions of the valuation reports are arrived at assuming that the market supply and demand remains unchanged.

Ernst & Young, the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations of the valuation-related forecasts, which do not involve the adoption of accounting policies, for the valuation. The Board has confirmed that the profit forecasts of the Mining Right and the Income Sharing Right of Maochang Mine has been made after due and careful enquiry by the Board. The letters issued by Ernst & Young and the Board are set out in Appendix I and Appendix II to this announcement, respectively. The following is the qualification of each expert who has provided its conclusion or advice, which is contained in this announcement:

<b>Name</b>	<b>Qualification</b>	<b>Date of conclusion or advice</b>
Ernst & Young	Certified Public Accountant	27 June 2016
Chongqing Hourun	Qualified Chinese valuer	9 May 2016 (valuation report issued in relation to the Mining Right); and 24 June 2016 (valuation report issued in relation to the Income Sharing Rights)

As at the date of this announcement, as far as the Directors are aware, each of the experts was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

Through the project subject to cooperative operation, the cooperative operation of Maochang Mine with Chinalco, will facilitate the Company, which uses construction investment as its contribution, to make full use of the existing resources for mining and earning income in accordance with the laws and regulations. Moreover, the acquisition of Income Sharing Rights avails the Company to be fully entitled to the operating income of Maochang Mine and provides raw materials support for the production and operation of the Company.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Cooperative Exploration Agreement and the Income Sharing Rights Transfer Agreement are entered into on normal commercial terms, and the terms of such agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **HONG KONG LISTING RULES IMPLICATIONS**

As at the date of this announcement, Chinalco is a substantial Shareholder of the Company and therefore is a connected person of the Company, and the transactions under the Cooperative Exploration Agreement and the Income Sharing Rights Transfer Agreement in aggregate constitute connected transactions of the Company. As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules), calculated on an aggregated basis, in respect of the connected transactions exceeds 0.1% but is less than 5%, pursuant to Chapter 14A of the Hong Kong Listing Rules, the connected transactions are subject to the reporting and announcement requirements, but exempt from 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, also hold positions in Chinalco, they have abstained from voting on the Board resolution to approve the above-mentioned connected transactions. Save as the aforementioned, none of the Directors has any material interest in the connected transactions contemplated under the Cooperative Exploration Agreement and the Income Sharing Rights Transfer Agreement and therefore no other Director has abstained from voting on such Board resolution.

Pursuant to the Cooperative Exploration Agreement, the parties may adjust the Company's investment in Maochang Mine depending on the changes in construction investment. As at the latest practicable date, both parties have not reached an agreement on the total contribution by the Company. In case of any consequent material adjustment to the Company's investment in Maochang Mine, the Company will make a disclosure and obtain an approval from independent Directors (if applicable) in accordance with the then applicable Hong Kong Listing Rules.

## **GENERAL INFORMATION**

The Company is a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange and its ADSs are listed on the New York Stock Exchange. The Group is principally engaged in the mining of bauxite; the production and sales of alumina, primary aluminum and aluminum alloy products; operating of coal and electricity businesses as well as trading and logistics of non-ferrous metal products.

Chinalco, established in February 2001, is the controlling Shareholder of the Company. Chinalco is a state-owned enterprise incorporated under the laws of the PRC and its entities and businesses were contributed into the Company upon the establishment of the Company. Chinalco is primarily engaged in the production and sales of mineral products, smelted products, fabrication products and carbon products of aluminum, copper, rare earth and relevant non-ferrous metals.

## **DEFINITIONS**

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

“A Share(s)”	domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which is(are) listed on the Shanghai Stock Exchange;
“ADSs”	the American depository shares issued by The Bank of New York Mellon (as the depository bank) and listed on the New York Stock Exchange, each of which represents the ownership of 25 H Shares;
“Board”	the board of Directors;
“Chinalco”	Aluminum Corporation of China* (中國鋁業公司), a wholly state-owned corporation and the controlling Shareholder of the Company, directly and indirectly, holding approximately 35.77% of the total issued share capital of the Company as at the date of this announcement;

“Chongqing Hourun”	Chongqing Hourun Mining Rights Appraisal Co., Ltd.* (重慶厚潤礦業權資產評估有限公司), a qualified PRC valuer;
“Company”	Aluminum Corporation of China Limited* (中國鋁業股份有限公司), 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;
“Cooperative Exploration Agreement”	the cooperative exploration agreement entered into between the Company and Chinalco on 28 June 2016, pursuant to which, the Company will jointly operate Maochang Mine with Chinalco;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“H Shares”	overseas listed foreign shares with a nominal value of RMB1.00 each per share issued by the Company, 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;
“Income Sharing Rights”	the rights of the Company and Chinalco to share the operation income of Maochang Mine to the extent of their respective contributions to Maochang Mine during the term of cooperative exploration pursuant to the Cooperative Exploration Agreement;
“Income Sharing Rights Transfer Agreement”	the income sharing rights transfer agreement entered into between the Company and Chinalco on 28 June 2016, pursuant to which, the Company will acquire certain Income Sharing Rights of Chinalco in Maochang Mine;

“Maochang Mine”	Guizhou Maochang bauxite mine, the mining license of which is numbered C1000002008123120002550
“Mining Right”	the mining right of Maochang Mine, the mining license of which is numbered C1000002008123120002550, with a term from 17 April 2013 to 30 December 2038, owned by Chinalco;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholders of the Company;
“Subsidiary”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Valuation Base Date”	31 March 2016;
“%”	percent.

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

Beijing, the PRC  
28 June 2016

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

## **Appendix I – Letter from Ernst & Young**

The following is the text of the letter dated 27 June 2016 from Ernst & Young, Certified Public Accountants, which was prepared for inclusion in this announcement.

27 June 2016

### **The Directors Aluminum Corporation of China Limited**

No. 62 North Xizhimen Street,  
Haidian District, Beijing,  
The People's Republic of China

Dear Sirs,

We have performed the work described below, in respect of the arithmetical accuracy of the calculations of the discounted cash flow forecast (hereinafter referred to as the “**Underlying Forecast**”) underlying the valuation dated 9 May 2016 and 24 June 2016 prepared by Chongqing Hourun Mining Rights Appraisal Co., Ltd. in respect of Guizhou Maochang bauxite and its future profits in relation to the mining rights of Aluminum Corporation of China (the “**Mining Rights and Its Future Profits**”) as at 31 March 2016. The Underlying Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS**

It is the responsibility solely of the directors (the “**Directors**”) of Aluminum Corporation of China Limited (the “**Company**”) to prepare the Underlying Forecast. The Underlying Forecast has been prepared using a set of assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors.

It is our responsibility to draw a conclusion, based on our work on the arithmetical accuracy of the calculations of the Underlying Forecast and to present our conclusion solely to you, as a body, for the purpose of reporting under paragraph 14.62(2) of the Listing Rules and for no other purpose. We are not reporting on the appropriateness and validity of the bases and Assumptions on which the Underlying Forecast are based and our work does not constitute any valuation of the abovementioned Mining Rights and Its Future Profits. The Underlying Forecast does not involve the adoption of accounting policies. The Assumptions used in the preparation of the Underlying Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual

results are still likely to be different from the Underlying Forecast and the variation may be material. We have not reviewed, considered or conducted any work on the completeness, reasonableness and the validity of the Assumptions and thus express no opinion whatsoever thereon. Our work is more limited than that for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We also accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

## **BASIS OF CONCLUSION**

We conducted our work in accordance with Hong Kong Standards on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Underlying Forecast prepared based on the Assumptions made by the Directors. Our work has been undertaken solely to assist the Directors in evaluating whether the Underlying Forecast, so far as the arithmetical accuracy of the calculations is concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the abovementioned Mining Rights and Its Future Profits as at 31 March 2016.

## **CONCLUSION**

Based on our work described above, nothing has come to our attention that causes us to believe that the Underlying Forecast, so far as the arithmetical accuracy of the calculations of the Underlying Forecast is concerned, has not been properly compiled on the basis of the Assumptions made by the Directors.

Yours faithfully

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

## **Appendix II – Letter from the Board**

The following is the text of the letter dated 28 June 2016 from the Board which was prepared for inclusion in this announcement.

To: Listing Division of The Stock Exchange of Hong Kong Limited  
11th Floor, One International Finance Centre,  
1 Harbour View Street, Central, Hong Kong

Dear Sir/Madam,

Company: Aluminum Corporation of China Limited \*(the “**Company**”).

Re: Profit forecast – Confirmation Letter under the Requirements of Rule 14.62(3) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

Reference is made to the announcement of the Company dated 28 June 2016 in relation to the valuation report on the mining right of Guizhou Maochang bauxite mine dated 9 May 2016 based on the discounted cash flow method, and the valuation report on the income sharing right of Guizhou Maochang bauxite mine dated 24 June 2016 based on the future income discount method, which were both prepared by Chongqing Hourun Mining Rights Appraisal Co., Ltd.\* (重慶厚潤礦業權資產評估有限公司) (the “**Valuer**”) (the “**Valuation Reports**”).

The board of Directors of the Company has reviewed and discussed with the Valuer on the basis and assumptions of the valuation. The board of Directors of the Company has also considered the confirmation letter issued by Ernst & Young, the reporting accountant of the Company, on 27 June 2016 in relation to the arithmetical accuracy of the calculations of the profit forecast in the Valuation Report.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the board of Directors of the Company confirmed that the profit forecast used in the aforesaid Valuation Reports has been made after due and careful enquiry.

**The board of Directors of Aluminum Corporation of China Limited**  
28 June 2016