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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
PROGRESS ON ACQUISITION OF MINORITY EQUITY
INTERESTS IN SUBSIDIARIES BY YUNNAN ALUMINUM

Reference is made to the announcement of Aluminum Corporation of China Limited* (the “**Company**”) dated 25 November 2025 (the “**Announcement**”), in relation to the entering into of an Acquisition Agreement between Yunnan Aluminum and Yunnan Metallurgical, pursuant to which, Yunnan Aluminum proposes to acquire 28.7425% equity interests in Yunlv Yongxin, 27.3137% equity interests in Yunlv Runxin, and 30% equity interests in Yunlv Hongxin held by Yunnan Metallurgical by cash through a non-public transfer by agreement. Unless the context otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Acquisition Agreement shall become effective upon being signed by the legal representatives or authorized representatives of both parties and affixed with their official seals, and shall take effect on the date when all of the following conditions are satisfied:

- (a) the acquisition is approved by the shareholders’ meeting of Yunnan Aluminum;
- (b) the acquisition is approved by the competent state-owned assets supervision authority; and
- (c) any other necessary approval procedures that may be required under relevant laws and regulations (if any).

As of the date of this announcement, all of the above conditions have been fulfilled. The Company hereby provides further information on China United Appraisal's adoption of (a) the income approach to appraise the values of the total equity attributable to shareholders of Yunlv Yongxin and Yunlv Runxin; and (b) the asset-based approach to appraise the value of the total equity attributable to shareholders of Yunlv Hongxin:

1. FURTHER INFORMATION ON THE VALUATION OF YUNLV YONGXIN

China United Appraisal adopted the discounted cash flow method to appraise the operating assets of Yunlv Yongxin using the free cash flow to the firm as the income measure, with the corresponding discount rate determined based on the weighted average cost of capital (WACC) model. The basic formula is as follows:

Value of the total equity attributable to shareholders = Value of the enterprise – Value of interest-bearing debts

Value of the enterprise = Value of operating assets + Value of surplus or non-operating assets (liabilities) + Appraised value of long-term equity interest investments

Where, the value of operating assets is determined based on the following formula:

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n}$$

P: value of operating assets; R_i : expected revenue (free cash flow) of the appraised entity for year i in the future; r: discount rate; n: future operating period of the appraised entity

Income Period

According to the articles of association of Yunlv Yongxin, its business term shall be long-term. As Yunlv Yongxin was operating normally on the Valuation Benchmark Date, there was no limitation on the useful life of the core assets affecting its continuation, no limitation on the duration of its production and operation, and no limitation on the term of ownership of investors, or the aforesaid limitations could be released, and they could be utilized perpetually by way of continuation. Therefore, it is assumed that Yunlv Yongxin will continue perpetually after Valuation Benchmark Date, and the corresponding income period is indefinite.

Revenue Forecast

The principal business of Yunlv Yongxin is aluminium smelting and processing and production of aluminium alloy, with relatively stable production and sales. The production capacity of electrolytic aluminium reaches 300,000 tonnes per annum. The principal products of Yunlv Yongxin are cast aluminium alloy billets, slabs, molten aluminium and aluminium ingots, and it historically also produced aluminium busbars and welded aluminium conductor assemblies. All products are manufactured to order, with production determined by sales. Due to limited orders for aluminium busbars and aluminium conductor rod assemblies, no production forecasts have been made for the future. According to the policy on smelting scale and national production capacity control, it is anticipated that production capacity will not be expanded beyond existing levels during the forecast period. A portion of the molten aluminium produced during smelting will be used for alloy production, while the other portion will be supplied to the subsidiary Yongshun Company, with a small portion sold externally, including some aluminium ingots from smelting and casting. All the aforesaid products will be sold at a unified open market price. Other business revenue comes from the recovery of scrap materials generated in the course of production, such as waste residues from electrolytic cells and spent carbon blocks. The prices for recovered aluminium and carbon blocks generally follow the same trend as product prices during the same period, which will be utilised to offset production costs. In addition, it also includes other business revenue derived from neighbouring enterprises utilising water and electricity supplied by Yunlv Yongxin.

Cost Forecast

Yunlv Yongxin is an electrolytic aluminium producer. Its operating costs include material, fuel and power, labour, depreciation, transportation and repair costs, etc. In terms of material costs, fuel and power costs, transportation expenses, etc., its projected amounts will be determined based on the unit consumption figures as well as the production and sales volumes in the enterprise's latest budget. Unit material consumption for the forecast period will be based on data from the latest annual budget and historical figures for each product. Labour costs are forecasted based on wage standards and staffing levels as at the Valuation Benchmark Date, the company's overall salary adjustment plan and the required increase in employees due to the growth of business volume. Depreciation costs are calculated based on the book value of fixed assets and newly invested assets for the forecast period applying the depreciation periods applicable to different categories of assets.

Forecast of Taxes and Surcharges

Taxes and surcharges of Yunlv Yongxin mainly include urban maintenance and construction tax, education surcharge, local education surcharge, property tax, land tax, stamp duty and environmental protection tax. As of the Valuation Benchmark Date, the principal tax rates implemented by Yunlv Yongxin include value-added tax for enterprises of 13%, urban maintenance and construction tax of 5%, education surcharge of 3%, and local education surcharge of 2%.

Forecast of Selling Expenses

Selling expenses of Yunlv Yongxin include labour expenses, transportation expenses, warehousing expenses, packaging expenses, etc. Labour expenses are forecasted based on wage standards and staffing levels as at the Valuation Benchmark Date, the company's overall salary adjustment plan and the required increase in employees due to the growth of business volume. Warehousing expenses, transportation expenses and packaging expenses are forecasted based on the proportion these expenses are expected to account for in the company's operating revenue.

Forecast of Administrative Expenses

Administrative expenses of Yunlv Yongxin include labour expenses, depreciation and amortisation expenses, utilities, repairs expenses, amortisation of usage rights expenses, consultancy expenses, office expenses, transportation expenses, testing and inspection expenses, insurance premiums, etc. Labour expenses are forecasted based on wage standards and staffing levels as at the Valuation Benchmark Date, the company's overall salary adjustment plan and the required increase in employees due to the growth of business volume. Depreciation and amortisation expenses are calculated based on the book value of fixed assets and intangible assets, and the depreciation periods applicable to different categories of assets. Amortisation of usage rights expenses are considered based on the annual rental payments under the relevant lease agreements. Utilities, repairs expenses, consultancy expenses, office expenses, transportation expenses, and testing and inspection expenses, etc. are forecasted based on the proportion these expenses are expected to account for in the operating revenues provided by the enterprise, and insurance premiums are forecasted in proportion to the enterprise's asset scale.

Forecast of Research and Development (R&D) Expenses

R&D expenses of Yunlv Yongxin include labour expenses, material consumption expenses, travel expenses, testing and inspection expenses, etc. Future labour expenses are fully included in operating costs, and labour expenses within R&D expenses will not be forecasted repeatedly. For the forecast period, material consumption expenses, travel expenses, testing and inspection expenses, etc. are projected based on their operating revenues.

Forecast of Other Incomes

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the VAT Additional Deduction Policy for Advanced Manufacturing Enterprises (Announcement No. 43 of 2023 by the Ministry of Finance and the State Taxation Administration) (《財政部、稅務總局關於先進製造業企業增值稅加計抵減政策的公告》(財政部稅務總局公告2023年第43號)), advanced manufacturing enterprises are allowed 5% additional reduction of input tax of VAT in the current period from 1 January 2023 to 31 December 2027. Yunlv Yongxin is entitled to such tax policy, and recognise other incomes through 5% additional reduction of input tax of VAT in the current period during the forecast period (from 2025 to 2027). No further other incomes are forecasted in 2028 and beyond.

Forecast of Enterprise Income Taxes

Yunlv Yongxin obtained its high-tech enterprise certificate in 2024. According to Announcement No. 13 of 2021 by the Ministry of Finance and the State Administration of Taxation (“財政部稅務總局公告2021年第13號”), if the R&D expenses actually incurred by manufacturing enterprises during R&D activities do not form intangible assets and are not included in the current period’s profit and loss, on the basis of actual deduction according to regulations, an additional deduction of 100% of the actual amount shall be made before tax from January 1, 2021. During the forecast period, the high-tech enterprise will be subject to a 100% additional deduction on R&D expenses under the valuation. The tax incentive policy for enterprises in the development of the western regions will continue to be extended, and Yunlv Yongxin will continue to enjoy the tax incentive policy with a corporate income tax rate of 15%.

Forecast of Depreciation and Amortisation

The assets subject to depreciation of Yunlv Yongxin are fixed assets, which mainly include buildings, machinery and equipment, vehicles and electronic equipment. Fixed assets are valued at actual cost at the time of acquisition. In this valuation, the depreciation of fixed assets for the future operating period is estimated based on the audited original book value of fixed assets as at the benchmark date, the anticipated additions to fixed assets, the estimated useful life, the weighted depreciation rate, etc. in accordance with the company's depreciation policy for fixed assets. The assets subject to amortization of Yunlv Yongxin are intangible assets, which mainly include land and software systems. In this valuation, the amortization for future operating periods is estimated in accordance with the company's amortization policy.

Forecast of Additional Capital

Additional capital refers to the increase in working capital and long-term capital investment beyond the one-year period required by the enterprise without changing the current conditions of operation and production model. In this valuation, Yunlv Yongxin will continuously consider making capital investment in its existing operating capacity, and additional capital in future operating periods will primarily consist of capital investment necessary for capacity expansion, asset renewal and additional working capital required for continuing operations. That is, the additional capital under the valuation report = asset renewal + additional working capital + capital expenditure.

- ***Estimates of asset renewal investment***

In accordance with the premise and basis of the revenue forecasts, only the asset renewal investment expenditures necessary to maintain the production and operation of the expanded capacity are required in future years. For the fixed assets, depreciation is provided in accordance with the accounting policy standards implemented by the enterprise, and updates are estimated over the perpetuity period assuming that asset renewals equal depreciation.

- ***Estimates of additional working capital***

When estimating the increase in working capital, in principle, only the main factors such as cash to be maintained for normal operations (minimum cash holdings), inventories, accounts receivable and accounts payable need to be taken into account. Additional amount of working capital defined in the report is:

Additional amount of working capital = Current working capital – Previous working capital

Among them:

Working capital = Operating cash + Inventory + Receivables – Payables

Operating cash = Total annual cash costs/cash turnover rate

Total annual cash costs = Total cost of sales + Total expenses for the period – Total non-cash costs

Receivables = Total operating revenues/accounts receivable turnover rate

Among them, receivables mainly include accounts receivable, notes receivable, prepayments, and other accounts receivable related to operating business.

Inventory turnover rates are calculated based on normal operating practices, and future inventory will be forecasted.

Payables = Total operating costs/accounts payable turnover rate

Among them, payables mainly include accounts payable, notes payable, payments received in advance, and other accounts payable related to operating business.

- ***Estimates of capital expenditure***

The forecast for capital expenditure is primarily based on the operational management plans, future capital expenditure plans and budgets prepared by Yunlv Yongxin's management. During the forecast period, the expansion of production lines and new investments in equipment are taken into account.

Discount Rate

In accordance with the principle of consistency between the basis used for income amount and that for the discount rate, for the purpose of this valuation, the income amount is based on free cash flow of the firm, and the weighted average cost of capital (WACC) is adopted as the basis for the discount rate. The formula is as follows, and the discount rate under the valuation is forecasted at 9.84%.

$$r = r_d \times \frac{D}{(E+D)} + r_e \times \frac{E}{(E+D)}$$

r_d : interest rate on interest-bearing debts after income tax. As of the benchmark date, Yunlv Yongxin had no interest-bearing debts therefore, the interest rate on interest-bearing debts after income tax (r_d) was not considered in this instance; r_e : cost of equity capital, being 9.84%; E: value of the total equity (net assets) attributable to shareholders, being RMB5,308.4874 million; D: value of interest-bearing debts, being 0.

Where, the cost of equity capital (r_e) is calculated using the capital asset pricing model (CAPM) with the formula as follows:

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon$$

r_f : risk-free interest rate, being 1.68%; ($r_m - r_f$): market risk premium, being 7.56%, where r_m is expected rate of market return, being 9.24%; ε : specific risk adjustment factor of the appraised entity, being 0.5%; β_e : expected market risk coefficient of the appraised entity's equity capital, being 1.0134.

2. FURTHER INFORMATION ON THE VALUATION OF YUNLV RUNXIN

China United Appraisal adopted the discounted cash flow method to appraise the operating assets of Yunlv Runxin using free cash flow to the firm as the income measure, with the corresponding discount rate determined based on the weighted average cost of capital (WACC) model. The basic formula is as follows:

Value of the total equity attributable to shareholders = Value of the enterprise – Value of interest-bearing debts

Value of the enterprise = Value of operating assets + Value of surplus or non-operating assets (liabilities)

Where, the value of operating assets is determined based on the following formula:

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n}$$

P: value of operating assets; R_i : expected revenue (free cash flow) of the appraised entity for year i in the future; r : discount rate; n : future operating period of the appraised entity

Income Period

According to the articles of association of Yunlv Runxin, its business term shall be long-term. As Yunlv Runxin was operating normally on the Valuation Benchmark Date, there was no limitation on the useful life of the core assets affecting its continuation, no limitation on the duration of its production and operation, and no limitation on the term of ownership of investors, or the aforesaid limitations could be released, and they could be utilized perpetually by way of continuation. Therefore, it is assumed that Yunlv Runxin will continue perpetually after Valuation Benchmark Date, and the corresponding income period is indefinite.

Revenue Forecast

The principal products of Yunlv Runxin comprise cast aluminium alloy square bars, aluminium alloy round bars (round ingots), cast aluminium alloy flat ingots, etc., and it historically also produced other products such as aluminium ingots for remelting and aluminium busbars. All products are manufactured to order, with production determined by sales. According to the considerations regarding market demand and supply conditions for the goods and the products' impacts on the enterprise's development and future profitability, the existing production capacity will be maintained in the future as well as adjustments to the business structure will be implemented to progressively achieve comprehensive alloy integration in accordance with the operating plan of appraised entity's management. The prices for recovered aluminium and carbon blocks generally follow the same trend as product prices during the same period, which will be utilised to offset production costs. In addition, it also includes other business revenue derived from neighbouring enterprises utilising water and electricity supplied by Yunlv Runxin.

Cost Forecast

Yunlv Runxin is an electrolytic aluminium producer, the operating costs of which include material costs, fuel and power costs, labour costs, depreciation costs, transportation expenses, repair costs, etc. In terms of material costs, fuel and power costs, transportation expenses, etc., its projected amounts will be determined based on unit consumption figures as well as the production and sales volumes in the enterprise's latest budget. Unit material consumption for the forecast period will be based on data from the latest annual budget and historical figures for each product. Labour costs are forecasted based on wage standards and staffing levels as at the Valuation Benchmark Date, the company's overall salary adjustment plan and the required increase in employees due to the growth of business volume. Depreciation costs are calculated based on the book value of fixed assets and newly invested assets for the forecast period applying the depreciation periods applicable to different categories of assets.

Forecast of Taxes and Surcharges

Taxes and surcharges of Yunlv Runxin mainly include urban maintenance and construction tax, education surcharge, local education surcharge, property tax, land tax, stamp duty and environmental protection tax. As of the Valuation Benchmark Date, the principal tax rates implemented by Yunlv Runxin include value-added tax for enterprises of 13%, urban maintenance and construction tax of 7%, education surcharge of 3%, and local education surcharge of 2%.

Forecast of Selling Expenses

Selling expenses of Yunlv Runxin include labour expenses, transportation expenses, warehousing expenses, etc. Labour expenses are forecasted based on wage standards and staffing levels as at the Valuation Benchmark Date, the company's overall salary adjustment plan and the required increase in employees due to the growth of business volume. In terms of warehousing expenses and transportation expenses, they are forecasted based on the proportion these expenses are expected to account for in the company's operating revenue.

Forecast of Administrative Expenses

Administrative expenses of Yunlv Runxin include labour expenses, depreciation and amortisation expenses, utilities, repairs expenses, amortisation of usage rights expenses, consultancy expenses, office expenses, transportation expenses, testing and inspection expenses, insurance premiums, etc. Labour expenses are forecasted based on wage standards and staffing levels as at the Valuation Benchmark Date, the company's overall salary adjustment plan and the required increase in employees due to the growth of business volume. Depreciation and amortisation expenses are calculated based on the book value of fixed assets and intangible assets, and the depreciation periods applicable to different categories of assets. Amortisation of usage rights expenses are considered based on the annual rental payments under the relevant lease agreements. Utilities, repairs expenses, consultancy expenses, office expenses, transportation expenses, testing and inspection expenses, etc. are forecasted based on the proportion these expenses are expected to account for in the operating revenues provided by the enterprise, and insurance premiums are forecasted in proportion to the enterprise's asset scale.

Forecast of Research and Development (R&D) Expenses

R&D expenses of Yunlv Runxin include material consumption expenses, office expenses, technical service expenses, etc. Future labour expenses are fully included in operating costs, and labour expenses within R&D expenses will not be forecasted repeatedly. For the forecast period, material consumption expenses, office expenses, technical service expenses, etc. are projected based on their operating revenues.

Forecast of Other Incomes

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the VAT Additional Deduction Policy for Advanced Manufacturing Enterprises (Announcement No. 43 of 2023 by the Ministry of Finance and the State Taxation Administration) (《財政部、稅務總局關於先進製造業企業增值稅加計抵減政策的公告》(財政部稅務總局公告2023年第43號)), advanced manufacturing enterprises are allowed 5% additional reduction of input tax of VAT in the current period from 1 January 2023 to 31 December 2027. Yunlv Runxin is entitled to such tax policy, and recognise other incomes through 5% additional reduction of input tax of VAT in the current period during the forecast period (from 2025 to 2027). No further other incomes are forecasted in 2028 and beyond.

Forecast of Enterprise Income Taxes

Yunlv Runxin obtained its high-tech enterprise certificate in August 2024. According to Announcement No. 13 of 2021 by the Ministry of Finance and the State Administration of Taxation (“財政部稅務總局公告2021年第13號”), if the R&D expenses actually incurred by manufacturing enterprises during R&D activities do not form intangible assets and are not included in the current period’s profit and loss, on the basis of actual deduction according to regulations, an additional deduction of 100% of the actual amount shall be made before tax from January 1, 2021. During the forecast period, the high-tech enterprise will be subject to a 100% additional deduction on R&D expenses under the valuation. The tax incentive policy for enterprises in the development of the western regions will continue to be extended, and Yunlv Runxin will continue to enjoy the tax incentive policy with a corporate income tax rate of 15%.

Forecast of Depreciation and Amortisation

The assets subject to depreciation of Yunlv Runxin are fixed assets, which mainly include buildings, machinery and equipment, vehicles and electronic equipment. Fixed assets are valued at actual cost at the time of acquisition. In this valuation, the depreciation of fixed assets for the future operating period is estimated based on the audited original book value of fixed assets as at the benchmark date, the anticipated additions to fixed assets, the estimated useful life, the weighted depreciation rate, etc. in accordance with the company’s depreciation policy for fixed assets. The assets subject to amortization of Yunlv Runxin are intangible assets, which mainly include land and software systems. In this valuation, the amortization for future operating periods is estimated in accordance with the company’s amortization policy.

Forecast of Additional Capital

Additional capital refers to the increase in working capital and long-term capital investment beyond the one-year period required by the enterprise without changing the current conditions of operation and production model. In this valuation, Yunlv Runxin will continuously consider making capital investment in its existing operating capacity, and additional capital in future operating periods will primarily consist of capital investment necessary for capacity expansion, asset renewal and additional working capital required for continuing operations. That is, the additional capital under the valuation report = asset renewal + additional working capital + capital expenditure.

- ***Estimates of asset renewal investment***

In accordance with the premise and basis of the revenue forecasts, only the asset renewal investment expenditures necessary to maintain the production and operation of the expanded capacity are required in future years. For the fixed assets, depreciation is provided in accordance with the accounting policy standards implemented by the enterprise, and updates are estimated over the perpetuity period assuming that asset renewals equal depreciation.

- ***Estimates of additional working capital***

When estimating the increase in working capital, in principle, only the main factors such as cash to be maintained for normal operations (minimum cash holdings), inventories, accounts receivable and accounts payable need to be taken into account. additional of amount of working capital defined in the report is:

Additional amount of working capital = Current working capital – Previous working capital

Among them:

Working capital = Operating cash + Inventory + Receivables – Payables

Operating cash = Total annual cash costs/cash turnover rate

Total annual cash costs = Total cost of sales + Total expenses for the period – Total non-cash costs

Receivables = Total operating revenues/accounts receivable turnover rate

Among them, receivables mainly include accounts receivable, notes receivable, prepayments, and other accounts receivable related to operating business.

Inventory turnover rates are calculated based on normal operating practices, and future inventory will be forecasted.

Payables = Total operating costs/accounts payable turnover rate

Among them, payables mainly include accounts payable, notes payable, payments received in advance, and other accounts payable related to operating business

- ***Estimates of capital expenditure***

The forecast for capital expenditure is primarily based on the operational management plans, future capital expenditure plans and budgets prepared by Yunlv Runxin's management. During the forecast period, the expansion of production lines and new investments in equipment are taken into account.

Discount Rate

In accordance with the principle of consistency between the basis used for income amount and that for the discount rate, for the purpose of this valuation, the income amount is based on free cash flow of the firm, and the weighted average cost of capital (WACC) is adopted as the basis for the discount rate. The formula is as follows, and the discount rate under the valuation is forecasted at 9.84%.

$$r = r_d \times \frac{D}{(E+D)} + r_e \times \frac{E}{(E+D)}$$

r_d : interest rate on interest-bearing debts after income tax. As of the benchmark date, Yunlv Runxin had no interest-bearing debts, therefore, the interest rate on interest-bearing debts after income tax (r_d) was not considered in this instance; r_e : cost of equity capital, being 9.84%; E: value of the total equity (net assets) attributable to shareholders, being RMB2,930.4934 million; D: value of interest-bearing debts, being 0.

Where, the cost of equity capital (r_e) is calculated using the capital asset pricing model (CAPM) with the formula as follows:

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon$$

r_f : risk-free interest rate, being 1.68%; ($r_m - r_f$): market risk premium, being 7.56%, where r_m is expected rate of market return, being 9.24%; ε : specific risk adjustment factor of the appraised entity, being 0.5%; β_e : expected market risk coefficient of the appraised entity's equity capital, being 1.0134.

3. FURTHER INFORMATION ON THE VALUATION OF YUNLV HONGXIN

The various assets of Yunlv Hongxin include current assets, fixed assets, construction in progress, and intangible assets. Specifically, fixed assets (machinery and equipment) and construction in progress are appraised using the replacement cost approach, land use rights, classified as intangible assets, are appraised using both the market comparison approach and cost approximation approach, and seven patent rights, also classified as intangible assets are appraised using the cost approach.

(1) Fixed assets (machinery and equipment)

Appraised value = Full cost of replacement \times Newness rate

Based on local market information and recent market pricing data from ZOL, PConline, HC360, etc., the price of electronic equipment is determined as at the Valuation Benchmark Date. As manufacturers or authorised agents generally offer free transportation and installation/commissioning services, the full cost of replacement is determined at the purchase price excluding taxes under this valuation:

Full cost of replacement of equipment = Purchase price/1.13

For electronic equipment, the newness rate is determined based on a comprehensive assessment including on-site inspection of the equipment's operational status and reference to the economic lifespan of various types of equipment.

Newness rate = [Remaining useful life \div (Used life + Remaining useful life)] or = $(1 - \text{Used life/economic life}) \times 100\%$

Additionally: For electronic equipment appraised directly based on second-hand market prices, newness rates is not required to be calculated.

The book value of machinery and equipment is RMB2,767.96, with an appraised value of RMB1,160.00. The impairment primarily stems from rapid technological advancements causing market price declines, resulting in a reduction of the original appraised value. This significant impairment of the equipment's original appraised value consequently led to an impairment of the net assets.

(2) Construction in progress

For construction projects that have been suspended for many years without completion, where the book value differs significantly from the price as at the Valuation Benchmark Date, the construction cost shall be adjusted in accordance with the price level as at the Valuation Benchmark Date. The price shall be adjusted using replacement cost approach – budgets (final accounts) adjustment approach during the valuation.

For cost-only construction projects without physical substance of, if the verified payments incurred are necessary for future construction projects or bring actual value for future owners, and there is no duplicate valuation with related asset items, the verified book value shall be regarded as the appraised value otherwise, a zero value shall be assigned.

For costs incurred for land levelling, its appraised value is included in that of the land use right, being 0.

The book value of construction in progress – civil engineering works is RMB162,875,398.74, with an appraised value of RMB48,588,898.77. The impairment arises from the fact that the appraised value of costs associated with land levelling is included within the appraised value of the land use rights, which has been valued at zero in this appraisal.

(3) Intangible assets (land use rights)

Appraised value = (Unit price appraised by market comparison approach + Unit price appraised by cost approximation approach)/2 × Total land parcel area of the land use right

Market comparison approach

The market comparison approach is an approach of estimating the objective and reasonable price of a land parcel to be appraised by comparing it with similar land use rights which are alternative and have recently been traded in the market as at the Valuation Benchmark Date based on the principle of substitution in the market, and making appropriate adjustments to the transaction prices of the similar land use rights.

The basic formula is as follows:

Price of land parcel to be appraised = Benchmark transaction price × Transaction date adjustment coefficient × Transaction details adjustment coefficient × Location adjustment coefficient × Individual factor adjustment coefficient

Cost approximation approach

The cost approximation approach is a valuation approach that determines the land price based on the sum of all objective costs incurred in developing the land, plus a reasonable amount of profits, interests, taxes payable and land appreciation.

The basic formula is as follows:

$$V = Ea + Ed + T + R1 + R2 + R3 = VE + R3$$

Where, V: Land prices; Ea: Land acquisition fees; Ed: Land development costs; T: Taxes; R1: Interests; R2: Profits; R3: Land appreciation; VE: Land costs.

Determination of reasonable profit: The objective rate of return for all development investments is determined based on the development nature of the subject land parcel and local conditions. In this valuation, following the investment returns for local land development and consultation with the local Department of Natural Resources, with reference to the local primary land development cost profit margin, the appraised profit margin for this land development is determined as 8%. Therefore:

Profit = (Land acquisition costs + All taxes and fees + Land development costs) × Development profit margin

Determination of reasonable interest: Based on the construction scale and project characteristics of the subject land parcel, the land development period for this project is determined through investigation to be one year. The annual loan interest rate is calculated based on the one-year LPR announced by the People's Bank of China on 20 December 2024, at 3.10%, compounded. Assuming that the land acquisition costs and miscellaneous fees are one-off expenditures, while land development costs are incurred in installments, with the development costs being evenly distributed, then:

Interest = (Land acquisition costs + Taxes) × ((1 + Loan interest rate) Land development period – 1) + Land development costs × ((1 + Loan interest rate) Land development period/2 – 1)

The book value of intangible assets – land use rights included in the scope of this valuation is RMB67,406,573.37, with an appraised value of RMB186,820,500.00. The principal reason for the appreciation lies in the fact that the book value represents the historical acquisition cost of the land use rights obtained by the enterprise in prior years. In recent years, the continuous socio-economic development of the region, coupled with the ongoing optimisation of its investment environment and the progressive enhancement of its infrastructure, has driven an appreciation in the value of land use rights within the area. Consequently, the appraised value is higher than the book value.

(4) Intangible assets (others)

Appraised value = Cost of replacement \times Newness rate

Costs of replacement = Labour costs + Value of materials consumed + Other allocated expenses + Registration costs + Opportunity costs

Opportunity costs = (Labour costs + Value of materials consumed + Other shared expenses + Registration expenses)/2 \times Opportunity cost rate

Opportunity cost rate = Return on invested capital (ROIC)

Newness rate = Remaining useful life \div (Used life + Remaining useful life) \times 100%

The intangible assets (others) included in the scope of this valuation are seven patent rights acquired through a no-consideration transfer by agreement from Yunnan Yunlv Haixin Aluminum Co., Ltd.* (雲南雲鋁海鑫鋁業有限公司), with no carrying value and an appraised value of RMB888,515.00.

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

Beijing, the PRC
22 December 2025

As at the date of this announcement, the members of the Board comprise Mr. He Wenjian, Mr. Mao Shiqing and Mr. Jiang Tao (Executive Directors); Mr. Jiang Hao (Non-executive Director); Mr. Yu Jinsong, Ms. Chan Yuen Sau Kelly and Mr. Li Xiaobin (Independent Non-executive Directors).

* For identification purpose only