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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
RENEWAL OF THE DAILY CONTINUING CONNECTED
TRANSACTIONS WITH CHINALCO

References are made to the announcements of the Company dated 17 September 2018, 19 November 2018, 28 March 2019 and 3 June 2019 as well as the supplemental circulars dated 26 November 2018 and 10 June 2019, in relation to, among other things, the Daily Continuing Connected Transactions entered into between the Company and Chinalco.

As the Daily Continuing Connected Transactions will expire on 31 December 2021, the Company proposes to renew the Daily Continuing Connected Transactions with Chinalco. As considered and approved at the 23rd meeting of the seventh session of the Board held on 26 October 2021, on 26 October 2021, the Company and Chinalco (i) entered into the supplementary agreement with conditions precedent to renew the validity periods of the Comprehensive Social and Logistics Services Agreement, the General Agreement on Mutual Provision of Production Supplies and Ancillary Services, the Mineral Supply Agreement, and the Provision of Engineering, Construction and Supervisory Services Agreement; and (ii) renewed the Fixed Assets Lease Framework Agreement.

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and thus is a connected person of the Company under the Hong Kong Listing Rules. The agreements on renewal of the Daily Continuing Connected Transactions and the transactions contemplated thereunder constitute continuing connected transactions of the Company 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 each of (i) the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services; and (ii) the expenditure transactions under the Provision of Engineering, Construction and Supervisory Services Agreement exceeds 5%, the transactions contemplated thereunder are subject to reporting, announcement and independent shareholders' approval requirements 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 each of (i) the expenditure transactions under the Comprehensive Social and Logistics Services Agreement; (ii) the expenditure transactions under the Mineral Supply Agreement; (iii) the expenditure transactions under the Land Use Rights Leasing Agreement; and (iv) the expenditure and revenue transactions under the Fixed Assets Lease Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are only subject to reporting and announcement requirements and are exempt from independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Although (i) the expenditure transactions under the Comprehensive Social and Logistics Services Agreement; (ii) the expenditure transactions under the Mineral Supply Agreement; (iii) the expenditure transactions under the Land Use Rights Leasing Agreement; and (iv) the expenditure and revenue transactions under the Fixed Assets Lease Framework Agreement are exempt from independent shareholders' approval requirement under the Hong Kong Listing Rules, such transactions are still subject to Independent Shareholders' approval at the general meeting of the Company pursuant to the relevant requirements of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange.

The Company will convene the EGM to seek approval from the Independent Shareholders in respect of the Daily Continuing Connected Transactions and their respective proposed caps. A circular containing, among others, the resolutions in relation to the Daily Continuing Connected Transactions, will be dispatched to the Shareholders on or before 12 November 2021. A supplemental circular containing, among others, (i) details of the Daily Continuing Connected Transactions and their respective proposed caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders on or before 14 December 2021 as the Company requires additional time to prepare and finalize certain information to be contained in the supplemental circular to enable the Shareholders to make their informed decisions at the EGM.

1. BACKGROUND

References are made to the announcements of the Company dated 17 September 2018, 19 November 2018, 28 March 2019 and 3 June 2019 as well as the supplemental circulars dated 26 November 2018 and 10 June 2019, in relation to, among other things, the Daily Continuing Connected Transactions entered into between the Company and Chinalco.

As the Daily Continuing Connected Transactions will expire on 31 December 2021, the Company proposes to renew the Daily Continuing Connected Transactions with Chinalco. As considered and approved at the 23rd meeting of the seventh session of the Board held on 26 October 2021, on 26 October 2021, the Company and Chinalco (i) entered into the supplementary agreement with conditions precedent to renew the validity periods of the Comprehensive Social and Logistics Services Agreement, the General Agreement on Mutual Provision of Production Supplies and Ancillary Services, the Mineral Supply Agreement, and the Provision of Engineering, Construction and Supervisory Services Agreement; and (ii) renewed the Fixed Assets Lease Framework Agreement.

2. RENEWAL OF THE DAILY CONTINUING CONNECTED TRANSACTIONS

(a) Comprehensive Social and Logistics Services Agreement

Date of the initial agreement: 5 November 2001

Date of the supplementary agreement: 26 October 2021

Parties: Chinalco, as provider (for itself and on behalf of its subsidiaries and associates)

The Company, as recipient (for itself and on behalf of its subsidiaries)

Term: Three years from 1 January 2022 to 31 December 2024

Nature of transactions: (i) Social services: public security and firefighting services, education and training, schools, hospitals and health facilities, cultural and sports undertakings, newspapers and magazines, broadcasting, printing and other relevant or similar services; and

(ii) Logistics services: property management, environmental and hygiene service, greenery, nurseries, kindergartens, sanatoriums, canteens, hotels, hostels, offices, public transportation, retirement management and other relevant or similar services.

Price determination: The prices in respect of the relevant services under the Comprehensive Social and Logistics Services Agreement will be determined with reference to comparable local market prices. The comparable local market prices refer to the prices arrived at with reference to those charged or quoted by at least two independent third parties providing services with comparable scale in areas where such services were provided under normal trading conditions around that time.

Payment term: Monthly payment

(b) General Agreement on Mutual Provision of Production Supplies and Ancillary Services

Date of the initial agreement: 5 November 2001

Date of the supplementary agreement: 26 October 2021

Parties: Chinalco, as both provider and recipient (for itself and on behalf of its subsidiaries and associates)

The Company, as both provider and recipient (for itself and on behalf of its subsidiaries)

Term: Three years from 1 January 2022 to 31 December 2024

- Nature of transactions:
- (1) Supplies and ancillary services provided by Chinalco to the Company:
 - (i) Supplies: carbon products, cement, coal, oxygen, bottled water, steam, fire brick, aluminum fluoride, cryolite, lubricant, resin, clinker, aluminum profiles, copper, zinc ingot and other relevant or similar supplies and services;
 - (ii) Storage and transportation services: vehicle transportation, loading, railway transportation and other relevant or similar services; and
 - (iii) Ancillary production services: communications, testing, processing and fabrication, engineering design, repair, environmental protection, road maintenance and other relevant or similar services.
 - (2) Supplies and ancillary services provided by the Company to Chinalco:
 - (i) Products: electrolytic aluminum products (aluminum ingots) and alumina products, zinc ingot, slag, coal, pitch and other relevant or similar supplies; and
 - (ii) Supporting services and ancillary production services: water, electricity, gas and heat supply, measurement, spare parts, repair, testing, transportation, steam and other relevant or similar services.
- Price determination:
- (1) Provision of products and ancillary services to the Company by Chinalco:
 - (a) Supplies: the price is determined with reference to the comparable local market prices, which refer to prices arrived at with reference to those charged or quoted by at least two independent third parties providing products or services with comparable scale in areas where such products or services were provided under normal trading conditions around the time;

- (b) Storage and transportation services: the price is determined with reference to the contractual price, which refers to a mutually agreed price set by all relevant parties for the provision of services. Such price is equivalent to reasonable costs incurred in providing such services plus reasonable profit. Reasonable costs mainly comprise fuel costs, transportation facility fees, relevant labour costs and etc. The reasonable profit (which shall be not more than 5% of such costs) for the storage and transportation services provided by Chinalco to the Company is arrived at through arm's length negotiation between the Company and Chinalco after taking comprehensive consideration of the normal profit margin of such services provided by Chinalco to the Company, and shall not higher than the profit margin charged to independent third parties. Such profit margin is considered reasonable by the Company as following the above principle;
- (c) Ancillary production services: the price is determined with reference to the contractual price, which refers to a mutually agreed price set by all relevant parties for the provision of services. Such price is equivalent to reasonable costs incurred in providing such services plus reasonable profit. Reasonable costs mainly comprise expenses for raw materials, labour costs, manufacturing fees, other indirect costs and etc. The reasonable profit (which shall be not more than 5% of such costs) for the ancillary production services provided by Chinalco to the Company is arrived at through arm's length negotiation between the Company and Chinalco after taking comprehensive consideration of the normal profit margin of such services provided by Chinalco to the Company, and shall not higher than the profit margin charged to independent third parties. Such profit margin is considered reasonable by the Company as following the above principle.

(2) Provision of products and ancillary services to Chinalco by the Company:

(a) Products:

- (i) Alumina products: the selling price is determined according to a method where both the alumina spot market price and the weighted average price of settlement price for three-month aluminum ingot futures on the Shanghai Futures Exchange weight in proportion. The Company will consider the geographical location of the customers, the seasonality demands, the transportation costs, and other relevant factors to determine the proportion of weight to be allocated to the aforementioned alumina spot market price and the weighted average price of settlement price for three-month aluminum ingot futures on the Shanghai Futures Exchange;
- (ii) Electrolytic aluminum products (aluminum ingots): the trading price is determined according to the prices of futures in the current month, the weekly or monthly average spot market prices quoted on the Shanghai Futures Exchange;

(iii) Other products: the price is determined with reference to the contractual price or the comparable local market price. The contractual price refers to a mutually agreed price set by all relevant parties for the provision of products. Such price is equivalent to reasonable costs incurred in providing such products plus reasonable profit. Reasonable costs mainly comprise expenses for raw materials, labour costs, manufacturing fees and etc. The reasonable profit (which shall be not more than 5% of such costs) for other products provided by the Company to Chinalco is arrived at through arm's length negotiation between the Company and Chinalco after taking comprehensive consideration of the normal profit margin of such products provided by the Company to Chinalco, and shall not lower than the profit margin charged to independent third parties. Such profit margin is considered reasonable by the Company as following the above principle. While the comparable local market prices refer to the prices arrived at with reference to those charged or quoted by at least two independent third parties providing products with comparable scale in areas where such products were provided under normal trading conditions around that time.

(b) Supporting services and ancillary production services:

(i) Electricity supply: According to the provisions of relevant national laws and regulations, and based on the benchmark electricity price set up by the National Development and Reform Commission, local governments will determine their respective local electricity prices in consideration of their respective actual conditions. The price for electricity supply of the Company is determined with reference to the on-grid electricity prices and electricity sales prices proposed to be executed by enterprises set out in the notices issued by the bureau of commodity price in each province on their websites according to the above local electricity prices from time to time;

- (ii) Gas, heat and water supply, measurement, spare parts, repair, testing, transportation, steam: the price is determined with reference to the contractual price, which refers to a mutually agreed price set by all relevant parties for the provision of services. Such price is equivalent to reasonable costs incurred in providing such services plus reasonable profit. Reasonable costs mainly comprise expenses for raw materials, fuel costs, transportation facility fees, labour costs, manufacturing fees and etc. The reasonable profit (which shall be not more than 5% of such costs) for provision of a series of services including gas, heat, water supply and etc. by the Company to Chinalco is arrived at through arm's length negotiation between the Company and Chinalco after taking comprehensive consideration of the normal profit margin of such services provided by the Company to Chinalco, and shall not lower than the profit margin charged to independent third parties. Such profit margin is considered reasonable by the Company as following the above principle;

- (iii) Other services: the price is determined with reference to the comparable local market prices, which refer to the prices arrived at with reference to those charged or quoted by at least two independent third parties providing services with comparable scale in areas where such services were provided under normal trading conditions.

For the storage and transportation services and ancillary production services provided by Chinalco to the Company, and a series of supporting services and ancillary production services including gas, heat and water supply and etc. provided by the Company to Chinalco, the prices are determined by reasonable costs plus a profit of not more than 5% of such costs. The prices of other products provided by the Company to Chinalco are determined by comparable local market price or reasonable costs plus a profit of not more than 5% of such costs. Given the numerous products and services involved herein and the regional differences in respect of costs and prices, such pricing method is arrived at through arm's length negotiation between the Company and Chinalco after taking comprehensive consideration of the normal profit margin of such products and services mutually provided by Chinalco and the Company. Separate operative agreements will be entered into under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services by the relevant parties from time to time, and the prices of the products or services provided or received by the parties will be negotiated and determined on a case by case basis in accordance with the pricing policies as set out above. In view of the foregoing, the Company believes the pricing for the aforesaid products and services is fair and reasonable.

Payment term: Payment on delivery (payment shall generally be made (a) within a period of time after the delivery of the relevant products at the place designated by the purchasing party or the provision of the relevant services, and the completion of necessary inspections and internal approval procedures; or (b) after setting off the amounts due between the parties where there is mutual provision of products and services. The relevant payment term shall be no less favorable than those under comparable transactions between the Company and independent third parties.)

(c) Mineral Supply Agreement

Date of the initial agreement: 5 November 2001

Date of the supplementary agreement: 26 October 2021

Parties: Chinalco, as supplier (for itself and on behalf of its subsidiaries and associates)

The Company, as recipient (for itself and on behalf of its subsidiaries)

Term: Three years from 1 January 2022 to 31 December 2024

Nature of transactions: Supply of bauxite and limestone by Chinalco to the Company; before meeting the Company's bauxite and limestone requirements, Chinalco is not entitled to provide bauxite and limestones to any third parties

Price determination:

- (1) For the supplies of bauxite and limestone from Chinalco's own mining operations, at reasonable costs incurred in providing the same (which mainly comprise fuel and energy costs, labour costs, security expenses and etc.), plus not more than 5% of such reasonable costs (a buffer for surges in the price level and labour costs, which is arrived at through arm's length negotiation between the Company and Chinalco after taking comprehensive consideration of the normal profit margin of such products provided by Chinalco to the Company, and is not higher than the profit margin charged to independent third parties); and
- (2) For the supplies of bauxite and limestone from jointly operated mines, at contractual price paid by Chinalco to such third parties.

Since the prices of the ores provided by Chinalco through its own operated mine are more favourable than the market price, and the prices of the ores provided by the jointly operated mine will not be higher than the contractual prices paid by Chinalco to relevant third parties, the Company believes that the pricing is reasonable.

Payment term: Payment on delivery (payment shall generally be made (a) within a period of time after the delivery of the relevant products at the place designated by the purchasing party or the provision of the relevant services, and the completion of necessary inspections and internal approval procedures; or (b) after setting off the amounts due between the parties where there is mutual provision of products and services. The relevant payment term shall be no less favorable than those under comparable transactions between the Company and independent third parties.)

(d) Provision of Engineering, Construction and Supervisory Services Agreement

Date of the initial agreement: 5 November 2001

Date of the supplementary agreement: 26 October 2021

Parties: Chinalco, as provider (for itself and on behalf of its subsidiaries and associates)

The Company, as recipient (for itself and on behalf of its subsidiaries)

Term: Three years from 1 January 2022 to 31 December 2024

Nature of transactions: Services provided by Chinalco to the Company: engineering design, construction and supervisory services as well as relevant research and development operations

Price
determination:

Engineering design: the price is determined by comparable local market prices or through public bidding on a case by case basis. The comparable local market prices refer to the prices arrived at with reference to those charged or quoted by at least two independent third parties providing services with comparable scale in areas where such services were provided under normal trading conditions. Price determination through public bidding refers to the prices determined in accordance with the public bidding and tender procedure required by the relevant regulatory authorities in the areas where the projects are located. The bidding price shall be controlled within the reasonable range which is close to the base price.

Construction and supervisory services: the price is determined through public bidding. In such case, the prices will be determined in accordance with the public bidding and tender procedure required by the relevant regulatory authorities in the areas where the projects are located. The bidding price shall be controlled within the reasonable range which is close to the base price.

Other relevant services: the price is determined with reference to the comparable local market prices, which refer to the prices arrived at with reference to those charged or quoted by at least two independent third parties providing services with comparable scale in areas where such services were provided under normal trading conditions around that time.

The base price referenced in pricing for engineering design, construction and supervisory services is generally determined by the professionals or agencies as organised or entrusted by the bidding unit. The base price is arrived at by adding other fees incurred directly or indirectly, on-the-spot expenditures, estimated profits (with reference to the workload of the project and the profit of projects with similar size) and taxes under prescribed procedures to the sum of costs for labour, materials and machinery utilization based on the engineering quantity (or workload of design and supervisory services) of the construction project. Separate operative agreements will be entered into under the Provision of Engineering, Construction and Supervisory Services Agreement by the relevant parties from time to time, and the price of the services provided or received by parties will be negotiated and determined on a case by case basis in accordance with the pricing policies as set out above.

Payment term: Payment shall generally be made (a) as to 10% to 20% of the contract price before the provision of the relevant services, up to a maximum of 70% of the contract price during the provision of the relevant services and as to the remaining 10% to 20% of the contract price upon successful provision of the relevant services; (b) in accordance with the prevailing market practice; or (c) in accordance with the arrangement to be agreed by the parties. The relevant payment term shall be no less favorable than those under the comparable transactions between the Company and independent third parties.

(e) Land Use Rights Leasing Agreement

Date:	5 November 2001
Parties:	Chinalco, as lessor (for itself and on behalf of its subsidiaries) The Company, as lessee (for itself and on behalf of its subsidiaries)
Term:	50 years, expiring on 30 June 2051 According to the opinion in the letter from the then independent financial adviser on the Company's renewal of these continuing connected transactions in December 2006, a relatively long lease term of the land is in line with the interest of the Company and the Independent Shareholders and can help reduce the obstacles to the production and business operation of the Group which may arise from replacement. Taking into considerations (i) the leased land and the scale of facilities built thereon; and (ii) the resources for construction of new production plants and related facilities, replacement is difficult and unfeasible. The Directors believe that the relevant term is normal business practice for similar contracts.
Real estate:	470 pieces (parcels) of land with a total area of approximately 61.22 million square meters, all located in China
Price determination:	The rental shall be negotiated every three years at a rate not higher than the prevailing market rental as confirmed by an independent valuer
Payment term:	Monthly payment

(f) Fixed Assets Lease Framework Agreement

Date: 26 October 2021

Parties: Chinalco, as both lessor and lessee (for itself and on behalf of its subsidiaries and associates)

the Company, as both lessor and lessee (for itself and on behalf of its subsidiaries)

Term: Three years from 1 January 2022 to 31 December 2024

Nature of transactions: Buildings, constructions, machinery, apparatus, transportation as well as equipment, appliance or tools and other fixed assets owned by either party in relation to the production and operation.

Price determination: The rental shall follow the principles of valuable consideration, openness, fairness and justness, and introduce market competition mechanism. When determining the rental, the parties will also make reference to the prices charged or quoted by at least two independent third parties providing services of similar size and nature under normal trading conditions in the market around that time.

Payment term: Monthly payment

3. HISTORICAL AMOUNTS OF THE DAILY CONTINUING CONNECTED TRANSACTIONS

Set out below are the actual amounts and the annual caps of the Daily Continuing Connected Transactions for the two years ended 31 December 2020 and the nine months ended 30 September 2021:

Transactions	For the year ended 31 December 2019		For the year ended 31 December 2020		For the nine months ended 30 September 2021	
	Actual amounts (RMB million)	Annual caps (RMB million)	Actual amounts (RMB million)	Annual caps (RMB million)	Actual amounts (RMB million)	Annual caps (RMB million)
Expenditure transactions:						
(a) Comprehensive Social and Logistics Services Agreement	309	500	476	500	276	500
(b) General Agreement on Mutual Provision of Production Supplies and Ancillary Services	8,903	14,100	7,243	15,300	5,903	17,500
(c) Mineral Supply Agreement	22	360	48	360	109	360
(d) Provision of Engineering, Construction and Supervisory Services Agreement	2,950	9,500	1,755	13,100	424	8,300
(e) Land Use Rights Leasing Agreement – Annual rental	437	500	490	500	283	500
(f) Fixed Assets Lease Framework Agreement – Annual rental	62	200	60	200	46	200
Revenue transactions:						
(b) General Agreement on Mutual Provision of Production Supplies and Ancillary Services	14,300	28,400	15,091	30,800	18,709	33,500
(f) Fixed Assets Lease Framework Agreement	53	100	38	100	21	100

4. PROPOSED ANNUAL CAPS FOR THE DAILY CONTINUING CONNECTED TRANSACTIONS AND BASIS OF DETERMINATION

Set out below are the proposed annual caps of the Daily Continuing Connected Transactions proposed to be renewed by the Group and Chinalco for the three years ending 31 December 2024:

Transactions	Proposed annual caps for the year ending		
	31 December		
	2022	2023	2024
	(RMB million)	(RMB million)	(RMB million)
Expenditure transactions:			
(a) Comprehensive Social and Logistics Services Agreement	500	500	500
(b) General Agreement on Mutual Provision of Production Supplies and Ancillary Services	15,400	14,900	14,500
(c) Mineral Supply Agreement	400	400	400
(d) Provision of Engineering, Construction and Supervisory Services Agreement	6,000	6,500	7,000
(e) Land Use Rights Leasing Agreement ^{Note}	1,500	1,500	1,500
(f) Fixed Assets Lease Framework Agreement ^{Note}	320	130	130
Revenue transactions:			
(b) General Agreement on Mutual Provision of Production Supplies and Ancillary Services	37,100	38,800	41,100
(f) Fixed Assets Lease Framework Agreement	300	300	300

Note: Pursuant to International Financial Reporting Standards 16, the lease to be entered into by the Company as the lessee under the Land Use Rights Leasing Agreement and the Fixed Assets Lease Framework Agreement will be recognised as right-of-use assets. The proposed annual caps are set based on the total value of the right-of-use assets relating to individual lease agreement expected to be entered into by the Company in each year, which is calculated with reference to the aggregate of the total annual rentals for the full lease term of each individual lease agreement newly entered into each year, discounted by the Company's incremental borrowing rate).

The proposed annual caps of the Daily Continuing Connected Transactions are determined with reference to the actual demand of the Group in business development in the following three years and the historical transaction amounts of the Daily Continuing Connected Transactions, which, in the opinion of the Board, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The specific analysis is as follows:

(a) Comprehensive Social and Logistics Services Agreement

The proposed annual cap for the expenditure transactions under the Comprehensive Social and Logistics Services Agreement for each of the three years from 2022 to 2024 is RMB500 million, basically at par with the annual caps of the preceding three years, which is mainly based on the Group's estimation of generally stable demands for comprehensive social and logistics services provided by Chinalco.

(b) General Agreement on Mutual Provision of Production Supplies and Ancillary Services

The proposed annual caps for the expenditure transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services of the three years from 2022 to 2024 are RMB15,400 million, RMB14,900 million and RMB14,500 million, respectively, basically at par with or representing a slight decrease from those of the preceding three years. Such estimation is primarily due to that the subsidiaries of the Group are expected to maintain basically stable demand for products and services purchased from Chinalco based on their actual business needs.

The proposed annual caps for the revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services of the three years from 2022 to 2024 are RMB37,100 million, RMB38,800 million and RMB41,100 million, respectively, representing an increase of approximately 31%, 26% and 23% from those of the preceding three years, respectively. Such estimation is primarily based on that: (i) the amount of alumina, aluminum ingots and other products provided to Chinalco by the Group is expected to increase and the market prices of the aforesaid products have risen significantly; (ii) the Group is expected to increase its sales of raw and auxiliary materials to Chinalco; (iii) the Group is expected to increase its provision of logistics services to Chinalco.

(c) Mineral Supply Agreement

The proposed annual cap for the expenditure transactions under the Mineral Supply Agreement for each of the three years from 2022 to 2024 is RMB400 million, at roughly the same level of the annual caps of RMB360 million for the preceding three years, which is mainly due to that Company is expected to maintain basically stable demand for ores purchased from Chinalco.

(d) Provision of Engineering, Construction and Supervisory Services Agreement

The proposed annual caps for the expenditure transactions under the Provision Engineering, Construction and Supervisory Services Agreement of the three years from 2022 to 2024 are RMB6,000 million, RMB6,500 million and RMB7,000 million, respectively, representing a decrease of approximately 37%, 50% and 16% from those of the preceding three years, respectively, which is mainly due to that the Group has strictly controlled the investment expenditure in recent years, focused on guaranteeing the construction of key projects and reduced the investment in other projects.

(e) Land Use Rights Leasing Agreement

The proposed annual cap^{Note} for the expenditure transactions under the Land Use Rights Leasing Agreement for each of the three years from 2022 to 2024 is RMB1,500 million, and it is expected that the rentals to be paid by the Group to Chinalco will not exceed RMB1,500 million for each of the years from 2022 to 2024, representing a significant increase from the annual rental cap of the preceding three years. This is mainly due to that the parties reappraised the land in 2021, and the appraised value of the land has increased significantly as compared to the appraised value used for calculating the rental in the preceding three years.

Note: In accordance with the International Financial Reporting Standard 16, the lease to be entered into by the Company as a lessee under the Land Use Rights Leasing Agreement shall be recognised as right-of-use assets. The proposed annual caps for the three years from 2022 to 2024 are determined based on the aggregate value of the right-of-use assets in relation to the individual leasing agreement expected to be entered into by the Group in each year (such aggregate value is calculated with reference to the aggregate annual rental for the entire lease term of each new individual leasing agreement entered into in each year, and discounted at the Company's incremental borrowing rate).

(f) Fixed Assets Lease Framework Agreement

The proposed annual cap^{Note} for the expenditure transactions under the Fixed Assets Lease Framework Agreement for each of the three years from 2022 to 2024 is RMB320 million, RMB130 million and RMB130 million, respectively, and it is expected that the rental to be paid by the Group to Chinalco will not exceed RMB200 million for each of the years from 2022 to 2024, which are the same as the annual rental caps for the preceding three years. This is mainly due to that the Group expects the demand for leasing fixed assets from Chinalco to remain largely stable.

Note: In accordance with the International Financial Reporting Standard 16, the lease to be entered into by the Company as a lessee under the Fixed Assets Lease Framework Agreement shall be recognised as right-of-use assets. The proposed annual caps for the three years from 2022 to 2024 are determined based on the aggregate value of the right-of-use assets in relation to the individual leasing agreement expected to be entered into by the Group in each year (such aggregate value is calculated with reference to the aggregate annual rental for the entire lease term of each new individual leasing agreement entered into in each year, and discounted at the Company's incremental borrowing rate).

Each of the proposed annual caps for the revenue transactions under the Fixed Assets Lease Framework Agreement of the three years from 2022 to 2024 is RMB300 million, representing an increase of 200% from those of the preceding three years, which is mainly due to that in accordance with the actual business needs of both parties, the Group considers to lease additional production equipment to Chinalco in the future on the basis of maintaining the current business volume of fixed assets leased to Chinalco.

The Company has adopted a set of effective internal control measures to supervise the continuing connected transactions of the Company. Prior to entering into operative agreements, the authorized departments of the Company will review and assess the specific terms and conditions of the transactions to ensure their consistency with the agreements of the Daily Continuing Connected Transactions. The financial department of the Company traces, monitors and checks the progress of the continuing connected transactions of the Company on a monthly basis. Meanwhile, the Audit Committee of the Board of the Company will strictly review the continuing connected transactions on a continuous basis to ensure the integrity and effectiveness of the internal control measures regarding the continuing connected transactions. The Board considers that the above internal control procedures and corporate governance measures adopted by the Company are appropriate and that the procedures and measures above will give sufficient assurance to the Shareholders that the Daily Continuing Connected Transactions will be appropriately monitored by the Company.

5. REASONS FOR AND BENEFITS OF RENEWAL OF THE DAILY CONTINUING CONNECTED TRANSACTIONS

Given the long-term relationship between the Group and Chinalco, the Company considers that it is in the Company's interests to renew the agreements relating to the Daily Continuing Connected Transactions and to continue with the Daily Continuing Connected Transactions for the following reasons: (1) the Group can acquire prompt and stable supply of products and services from Chinalco, thus lowering the operating risks and costs and facilitating the Group's routine management on production; (2) the Group can acquire engineering design, construction and supervisory services from Chinalco based on normal commercial terms, which are beneficial for the project development and construction and business development of the Group; and (3) the Group can provide part of products and services to Chinalco, which inure to avoid the risk of market fluctuations and increase the Group's operating revenue.

The Directors (excluding the independent non-executive Directors who will give their opinions after taking into consideration the advice from the independent financial adviser) are of the view that the agreements on renewal of the Daily Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group on normal commercial terms or better, and relevant terms, the Daily Continuing Connected Transactions and proposed caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Chinalco is the controlling Shareholder of the Company and thus is a connected person of the Company under the Hong Kong Listing Rules. The agreements on renewal of the Daily Continuing Connected Transactions and the transactions contemplated thereunder constitute continuing connected transactions of the Company 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 each of (i) the expenditure and revenue transactions under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services; and (ii) the expenditure transactions under the Provision of Engineering, Construction and Supervisory Services Agreement exceeds 5%, the transactions contemplated thereunder are subject to reporting, announcement and independent shareholders' approval requirements 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 each of (i) the expenditure transactions under the Comprehensive Social and Logistics Services Agreement; (ii) the expenditure transactions under the Mineral Supply Agreement; (iii) the expenditure transactions under the Land Use Rights Leasing Agreement; and (iv) the expenditure and revenue transactions under the Fixed Assets Lease Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are only subject to reporting and announcement requirements and are exempt from independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Although (i) the expenditure transactions under the Comprehensive Social and Logistics Services Agreement; (ii) the expenditure transactions under the Mineral Supply Agreement; (iii) the expenditure transactions under the Land Use Rights Leasing Agreement; and (iv) the expenditure and revenue transactions under the Fixed Assets Lease Framework Agreement are exempt from independent shareholders' approval requirements under the Hong Kong Listing Rules, such transactions are still subject to Independent Shareholders' approval at a general meeting of the Company pursuant to the relevant requirements of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange.

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

The Company will establish the Independent Board Committee to advise the Independent Shareholders in respect of the expenditure and revenue transactions contemplated under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services, the expenditure transactions contemplated under the Provision of Engineering, Construction and Supervisory Services Agreement, the expenditure transactions contemplated under the Land Use Rights Leasing Agreement and their respective proposed caps. VBG Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to seek approval from the Independent Shareholders in respect of the Daily Continuing Connected Transactions and their respective proposed caps. A circular containing, among others, the resolutions in relation to the Daily Continuing Connected Transactions, will be dispatched to the Shareholders on or before 12 November 2021. A supplemental circular containing, among others, (i) details of the Daily Continuing Connected Transactions and their respective proposed caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders on or before 14 December 2021 as the Company requires additional time to prepare and finalize certain information to be contained in the supplemental circular to enable the Shareholders to make their informed decisions at the EGM.

7. GENERAL INFORMATION

Information on the Company

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

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. The principal activities of Chinalco include the production and sales of aluminum, copper, rare earth and related non-ferrous metals mineral products, smelted products, fabrication products and carbon products, etc.

8. DEFINITIONS

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

- “A Share(s)” the ordinary shares denominated in RMB issued by the Company which are subscribed for in RMB and listed on the Shanghai Stock Exchange;
- “ADS(s)” the American Depository Share(s) issued by the Bank of New York Mellon as the depository bank and listed on the New York Stock Exchange, with each ADS representing 25 H Shares;
- “associate(s)” has the same meaning ascribed thereto under the Hong Kong Listing Rules;
- “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 32.16% 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, H Shares and ADSs of which are listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange, respectively;
- “Comprehensive Social and Logistics Services Agreement” the comprehensive social and logistics services agreement entered into between Chinalco and the Company on 5 November 2001 and renewed on 26 October 2021 for a term of three years from 1 January 2022 to 31 December 2024;
- “connected person(s)” has the same meaning ascribed thereto under the Hong Kong Listing Rules;

“Daily Continuing Connected Transactions”	the continuing connected transactions which have been or will continue to be entered into between the Group as a party and Chinalco as the other party;
“Director(s)”	the director(s) of the Company;
“EGM”	the 2021 first extraordinary general meeting to be held by the Company to consider and approve, among others, the Daily Continuing Connected Transactions and their respective proposed caps;
“Fixed Assets Lease Framework Agreement”	the fixed assets lease framework agreement entered into between the Company and Chinalco on 26 October 2021, pursuant to which, the Company and Chinalco agreed to mutually provide fixed assets lease services to each other, with a term from 1 January 2022 to 31 December 2024;
“General Agreement on Mutual Provision of Production Supplies and Ancillary Services”	the general agreement on mutual provision of production supplies and ancillary services entered into between Chinalco and the Company on 5 November 2001 and renewed on 26 October 2021 for a term of three years from 1 January 2022 to 31 December 2024;
“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;

“Independent Board Committee”	the independent board committee comprising independent non-executive Directors formed by the Company to advise the Independent Shareholders in respect of the expenditure and revenue transactions contemplated under the General Agreement on Mutual Provision of Production Supplies and Ancillary Services, the expenditure transactions contemplated under the Provision of Engineering, Construction and Supervisory Services Agreement, the expenditure transactions contemplated under the Land Use Rights Leasing Agreement and their respective proposed caps;
“Independent Shareholder(s)”	the Shareholder(s) (other than Chinalco and its associates) who are not required to abstain from voting on the resolutions to be proposed at the EGM to approve the Daily Continuing Connected Transactions and their respective proposed caps;
“Land Use Rights Leasing Agreement”	the land use rights leasing agreement entered into between Chinalco and the Company on 5 November 2001 for a term of fifty years expiring on 30 June 2051;
“Mineral Supply Agreement”	the mineral supply agreement entered into between Chinalco and the Company on 5 November 2001 and renewed on 26 October 2021 for a term of three years from 1 January 2022 to 31 December 2024;
“Provision of Engineering, Construction and Supervisory Services Agreement”	the provision of engineering, construction and supervisory services agreement entered into between Chinalco and the Company on 5 November 2001 and renewed on 26 October 2021 for a term of three years from 1 January 2022 to 31 December 2024;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	A Shares and H Shares;

“Shareholder(s)”	holder(s) of A Shares and holder(s) of H Shares;
“subsidiary(ies)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules; and
“%”	per cent.

By order of the Board
Aluminum Corporation of China Limited*
Wang Jun
Company Secretary

Beijing, the PRC
26 October 2021

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

** For identification purposes only*