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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 CONTINUING CONNECTED TRANSACTION
ENTERING INTO FACTORING COOPERATION FRAMEWORK
AGREEMENT WITH CHINALCO FACTORING

References are made to the announcement of the Company dated 17 September 2018 and the supplemental circular of the Company dated 26 November 2018, in relation to entering into the Existing Factoring Cooperation Framework Agreement between the Company and Chinalco Factoring. As the Existing Factoring Cooperation Framework Agreement will expire on 31 December 2021, the Company and Chinalco Factoring renewed the Factoring Cooperation Framework Agreement on 26 October 2021.

As at the date of this announcement, Chinalco Factoring is a subsidiary of Chinalco, the controlling Shareholder of the Company, thus, Chinalco Factoring is a connected person of the Company under the Hong Kong Listing Rules. As such, the transaction contemplated under the Factoring Cooperation Framework Agreement constitutes a continuing connected transaction 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 the transaction contemplated under the Factoring Cooperation Framework Agreement and its proposed cap is higher than 0.1% but lower than 5%, the transaction contemplated under the Factoring Cooperation Framework Agreement and its proposed cap 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.

1. BACKGROUND

References are made to the announcement of the Company dated 17 September 2018 and the supplemental circular of the Company dated 26 November 2018, in relation to entering into the Existing Factoring Cooperation Framework Agreement between the Company and Chinalco Factoring. As the Existing Factoring Cooperation Framework Agreement will expire on 31 December 2021, the Company and Chinalco Factoring renewed the Factoring Cooperation Framework Agreement on 26 October 2021.

2. FACTORING COOPERATION FRAMEWORK AGREEMENT

(1) Date

26 October 2021

(2) Parties

- (1) the Company, as the recipient (for itself and on behalf of its subsidiaries); and
- (2) Chinalco Factoring, as the provider

(3) Term

Commencing from 1 January 2022 and ending on 31 December 2024.

(4) Effectiveness of the Agreement

The Factoring Cooperation Framework Agreement shall take effect on 1 January 2022 upon being approved by competent authorities of the parties thereto and signed and sealed by the authorized representatives of the parties thereto.

(5) Factoring Financing Services

Chinalco Factoring has agreed to provide factoring financing services to the Company in accordance with the terms and conditions of the Factoring Cooperation Framework Agreement. In particular, the Company will obtain funds by way of accounts receivable transfer, which means the Company will transfer its accounts receivable to Chinalco Factoring and thereby obtain factoring financing from Chinalco Factoring. When becoming due, such accounts receivable as transferred shall be paid by their debtors to Chinalco Factoring or be repurchased by the Company from Chinalco Factoring.

Subject to the Factoring Cooperation Framework Agreement, the Company and Chinalco Factoring shall further enter into specific contract(s) or agreement(s) for the relevant specific factoring services to determine detailed transaction terms. Such specific contract(s) or agreement(s) shall be in line with the principles and terms of the Factoring Cooperation Framework Agreement and in compliance with relevant laws and regulations.

(6) Financing Amount

At any time during the valid period of the Factoring Cooperation Framework Agreement, the balance (including factoring prepayment, factoring fee and factoring handling charges) of factoring business between the Company and Chinalco Factoring shall not exceed RMB1 billion.

(7) Pricing Principles and Methods of Payment

The financing costs for provision of services by Chinalco Factoring to the Company shall not be higher than the average financing costs for provision of services of same nature as quoted by domestic independent third-party factoring companies.

The Company and Chinalco Factoring shall design the payment methods on a flexible basis according to the actual conditions of specific factoring services, including but not limited to payment by the financing party to accounts receivable or by debtors to accounts receivable or both.

3. THE PROPOSED CAP UNDER THE FACTORING COOPERATION FRAMEWORK AGREEMENT AND THE DETERMINATION BASIS THEREOF

In consideration of the amount of the historical transactions between the Group and Chinalco Factoring in the past three years and the potential business demands of the Group, the Company fixed the proposed cap under the Factoring Cooperation Framework Agreement for the years from 1 January 2022 to 31 December 2024 at RMB1 billion, which means that at any time during the valid period of the Factoring Cooperation Framework Agreement, the balance of factoring business (including factoring prepayment, factoring fee and factoring handling charges) between the Company and Chinalco Factoring shall not exceed RMB1 billion.

The above proposed cap was determined after taking into account the following factors:

- (i) the historical transaction amounts between the Group and Chinalco Factoring; and

- (ii) the demand of the Group for accounts receivable financing services. Through accounts receivable factoring financing services, the Group can effectively vitalize accounts receivable in accounts, improve the financial structure of the Company, replenish the working capital and reduce business risks. The proposed cap for the transactions under the Factoring Cooperation Framework Agreement is the maximum daily balance (including factoring prepayment, factoring fee and factoring handling charges) of factoring business existing between the Group and Chinalco Factoring from 1 January 2022 to 31 December 2024. Taking into consideration the possible potential demand of the Group for factoring business in the future, the maximum daily balance of existing factoring business between the Group and Chinalco Factoring for 2022 to 2024 is determined at RMB1 billion.

The Group has formulated the Regulation on Capital Management of Aluminum Corporation of China Limited* (《中國鋁業股份有限公司資金管理辦法》) and other policies and documents on the management of the factoring business of the Group. The Group has strictly abided by relevant policies in previous years and will continue to manage the factoring business in strict accordance with the internal policies on strengthening financing management prescribed by the Group to prevent relevant financing risks.

Based on the aforementioned, the Board considered the proposed cap under the Factoring Cooperation Framework Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In connection with the continuing connected transactions under the Existing Factoring Cooperation Framework Agreement between the Company and Chinalco Factoring, the cap for the balance (including factoring prepayment, factoring fee and factoring handling charges) of factoring business during the valid period of the agreement was RMB3 billion. During the period from 1 January 2019 (i.e., the date on which the Existing Factoring Cooperation Framework Agreement came into effect) to the date of the announcement, the Company recorded an actual maximum balance (including factoring prepayment, factoring fee and factoring handling charges) of factoring business with Chinalco Factoring amounting to approximately RMB158 million, within the limit of the cap of the Existing Factoring Cooperation Framework Agreement.

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 Factoring Cooperation Framework Agreement and make reference to the current market conditions and the prices quoted from at least two domestic independent third-party factoring companies that provide services of similar nature with comparable scale under normal trading conditions around that

time. 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 concerning the continuing connected transactions are appropriate and that the procedures and measures above will give sufficient assurance to the Shareholders that the continuing connected transactions under the Factoring Cooperation Agreement will be appropriately monitored by the Company.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORING COOPERATION FRAMEWORK AGREEMENT

The Existing Factoring Cooperation Framework Agreement entered into between the Company and Chinalco Factoring will expire on 31 December 2021. The Factoring Cooperation Framework Agreement and the transactions contemplated thereunder will help to alleviate capital occupation by accounts receivable, satisfy the funding requirement for business development, support continuous business operation, improve the efficiency of capital utilization and maximize benefits.

The Directors (including independent non-executive Directors) are of the view that the transactions contemplated under the Factoring Cooperation Framework Agreement are entered into after arm's length negotiation in the ordinary course of business on normal commercial terms or better, and the terms of the Factoring Cooperation Framework Agreement, the transactions contemplated thereunder and the proposed cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. IMPLICATIONS UNDER HONG KONG LISTING RULES

As at the date of this announcement, Chinalco Factoring is a subsidiary of Chinalco, the controlling Shareholder of the Company, thus, Chinalco Factoring is a connected person of the Company under the Hong Kong Listing Rules. As such, the transaction contemplated under the Factoring Cooperation Framework Agreement constitutes a continuing connected transaction 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 the transaction contemplated under the Factoring Cooperation Framework Agreement and its proposed cap is higher than 0.1% but lower than 5%, the transaction contemplated under the Factoring Cooperation Framework Agreement and its proposed cap are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of requirements but exempt from the Hong Kong Listing Rules.

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 the transactions contemplated under the Factoring Cooperation Framework Agreement. Saved as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Factoring Cooperation Framework Agreement and therefore none of the Directors has abstained from voting on such Board resolution.

6. 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 Factoring

Chinalco Factoring is a company incorporated in the PRC with limited liability and is a subsidiary of Chinalco as at the date of this announcement. It principally engages in provision of trade financing service by way of accounts receivable transferred; settlement, management and collection of accounts receivable; management of sales ledger; investigation and evaluation of clients' credits; relevant advisory services. As at the date of this announcement, Chinalco Capital Holdings Co., Ltd.* (which is respectively held as to 85.2921% and 14.7079% by Chinalco and the Company, and principally engaged in project investment, assets management, investment consultation, etc.), Chalco Logistics Group Co., Ltd.* (which is a wholly-owned subsidiary of the Company and principally engaged in logistics transportation) and Chalco International Trading Group Co., Ltd.* (which is a wholly-owned subsidiary of the Company and principally engaged in trading, importing and exporting of non-ferrous metal products) hold 65.6170%, 17.1915% and 17.1915% equity interest in Chinalco Factoring, respectively.

Information on Chinalco

As at the date of this announcement, the Company and Chinalco Factoring are subsidiaries of Chinalco. Chinalco is a wholly state-owned enterprise incorporated in the PRC and is primarily engaged in the production and sales of aluminum, copper, rare earth and related non-ferrous metals mineral products, smelted products, fabrication products and carbon products, etc.

7. DEFINITIONS

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

“A Share(s)”	the RMB ordinary share(s) issued by the Company and subscribed for in RMB, which are listed on the Shanghai Stock Exchange;
“ADS(s)”	the American Depositary 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;
“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;
“Chinalco Factoring”	Chinalco Commercial Factoring Co., Ltd.* (中鋁商業保理有限公司), a company incorporated in the PRC with limited liability;
“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 ADS(s) of which are listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange, respectively;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Director(s)”	the director(s) of the Company;
“Existing Factoring Framework Cooperation Agreement”	the agreement dated 17 September 2018 entered into between the Company and Chinalco Factoring, pursuant to which Chinalco Factoring agreed to provide factoring financing services to the Company, and which will expire on 31 December 2021;

“Factoring Cooperation Framework Agreement”	the agreement dated 26 October 2021 entered into between the Company and Chinalco Factoring, pursuant to which Chinalco Factoring has agreed to provide factoring financing services to the Company;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and subscribed for in Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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 of directors 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 purpose only