

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2068)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF COMMODITIES SALES AND PURCHASES
MASTER AGREEMENT,
GENERAL SERVICES MASTER AGREEMENT AND
ENGINEERING SERVICES MASTER AGREEMENT**

References are made to the announcement of China Aluminum International Engineering Corporation Limited (the “**Company**”) dated 30 October 2019, the circular dated 13 December 2019 and the announcement dated 30 December 2019 in relation to the renewal of the Commodities Sales and Purchases Master Agreement, the General Services Master Agreement and the Engineering Services Master Agreement between the Company and Aluminum Corporation of China Limited (“**China Aluminum Group**”).

As the Commodities Sales and Purchases Master Agreement, the General Services Master Agreement and the Engineering Services Master Agreement entered into between the Company and China Aluminum Group will expire on 31 December 2022, the Company renewed the Commodities Sales and Purchases Master Agreement, General Services Master Agreement, and Engineering Services Master Agreement with China Aluminum Group on 28 December 2022 in order to meet the business needs and to arrange the management. The aforesaid agreements shall come into force upon approval by the general meeting, which shall be valid until 31 December 2025. The above agreements are renewable subject to agreement between both parties and in accordance with the Hong Kong Listing Rules.

1. COMMODITIES SALES AND PURCHASES MASTER AGREEMENT — PROVISION OF COMMODITIES BY THE COMPANY TO CHINA ALUMINUM GROUP

Parties: China Aluminum Group (as the purchaser) (for itself and on behalf of its subsidiaries and associates)

the Company (as the supplier) (for itself and on behalf of its subsidiaries)

Date: 28 December 2022

Major terms: Pursuant to the Commodities Sales and Purchases Master Agreement entered into by the Company and China Aluminum Group on 28 December 2022, the Group may provide its products to China Aluminum Group and/or its associates from time to time, as part of the equipment manufacturing business of the Group. These products primarily include equipment, raw materials and commodities necessary for China Aluminum Group's production operation.

The initial term of the Commodities Sales and Purchases Master Agreement shall come into force upon approval by the general meeting and shall expire on 31 December 2025, unless at any time either party gives at least three months' written notice in advance to the other party to terminate the agreement.

Pricing policy: (1) In determining the prices of raw materials, equipment and commodities, the Company would firstly make reference to the average market price. In the limited circumstances where a market price is unavailable, pricing will be determined by reference to the cost-plus principle. The relevant cost includes raw materials, auxiliary materials, depreciation, labour, kinetics, tools, consumption of skills, repairment of equipment, management fees and finance fees. The pricing should be in line with the Company's budget and ensure that the Company can achieve its profit targets.

- (2) The market prices in the industry and profit margins would be collected by the business department through the industry associations and independent suppliers. The Company would collect market information from at least three independent third parties to consider if the prices of the raw materials, equipment and commodities are fair and reasonable and in line with the market. The Company's business department staff would update the market information regularly with reference to public industry websites, such as Changjiang Non-ferrous Metals Website (<http://www.ccmn.cn>), Shanghai Metals Market (<http://www.smm.cn>) and China Aluminum Website (<http://www.cnal.com>). Should the business department staff find the regular reference prices currently used internally to be outdated upon their regular assessment of the prices, the staff of business department would submit an adjusted price to the senior management for final review and approval.

- (3) For the products which have no alternatives available in the market, the prices would be determined after arm's length negotiation by both parties of the contract. The Company would make reference to the relevant historical prices of the products, and ensure that the terms of the products provided to China Aluminum Group are fair and reasonable based on the principle of cost plus a fair and reasonable profit margin. The expected profit margin of equipment to be provided to China Aluminum Group and the expected profit margin of raw materials to be provided to China Aluminum Group by the Company are both in line with the industry standard and no less favorable than the profit margin charged from independent third parties when providing comparable commodities.

Reasons for and benefits of the transactions:

- (1) China Aluminum Group may reduce the purchasing cost and the logistics cost through the on-site provision by the Company and its subsidiaries;

- (2) the Company has built up a long-term cooperation relationship with China Aluminum Group with mutual understanding of the operation plans, quality control and certain special requirements of both parties, which is beneficial to avoid market fluctuation risk and increase the operating income of the Company; and

- (3) as the prices and terms of the raw materials, equipment and products provided to China Aluminum Group by the Company are no less favourable than those provided by the Company to independent third parties, the provision of commodities to China Aluminum Group by the Company generates profits for us.

Historical figures and the proposed annual caps:

Historical amounts

Unit: RMB million

	For the years ended 31 December		As of 30 June
	2020	2021	2022
Total transaction amounts of the raw materials, equipment and commodities provided to China Aluminum Group and/or its associates by the Company under the Commodities Sales and Purchases Master Agreement	<u>443</u>	<u>186</u>	<u>68.25</u>

Historical annual caps

Unit: RMB million

	For the years ended 31 December		
	2020	2021	2022
Total transaction amounts of the raw materials, equipment and commodities provided to China Aluminum Group and/or its associates by the Company under the Commodities Sales and Purchases Master Agreement	<u>800</u>	<u>900</u>	<u>1,000</u>

Proposed annual caps

Unit: RMB million

	For the years ended 31 December		
	2023	2024	2025
Total transaction amounts of the raw materials, equipment and commodities provided to China Aluminum Group and/or its associates by the Company under the Commodities Sales and Purchases Master Agreement	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Basis for the caps: Except remaining stable in 2025, the proposed annual caps for 2023 and 2024 increases by 25% and 11% as compared with the previous annual caps, which is because combining with the Company’s development strategies and business structure adjustment strategies, the Company will continue to expand and upgrade its equipment manufacturing capacity and technological content, the supply of equipment and spare parts to China Aluminum Group companies will further increase and the relevant business will grow steadily in the next three years. In the next three years, China Aluminum Group will fully implement peak carbon dioxide emissions and carbon neutrality “1+N” policy system, actively promote high-efficiency and large-scale energy-saving electrolytic cells and multi-parameter balance control technology for aluminum electrolysis cells in the field of aluminum smelting. The Company’s energy-saving and long-life aluminum electrolysis cells cathode manufacturing and equipment technology is one of the major energy-saving technologies in China’s current aluminum electrolysis industry and is also a key energy-saving technology recommended by the China Nonferrous Metals Industry Association. As such, it is expected that the Company will provide a large number of equipment services for the electrolytic cell renovation projects of China Aluminum Group in the next three years.

2. COMMODITIES SALES AND PURCHASES MASTER AGREEMENT — PROVISION OF COMMODITIES TO THE COMPANY BY CHINA ALUMINUM GROUP

Parties: China Aluminum Group (as supplier) (for itself and on behalf of its subsidiaries and associates)

the Company (as purchaser) (for itself and on behalf of its subsidiaries)

Date: 28 December 2022

Major terms: In accordance with the Commodities Sales and Purchases Master Agreement entered into by the Company and China Aluminum Group on 28 December 2022, China Aluminum Group and/or its associates may provide products to the Group from time to time, including non-ferrous products, manufacturing equipment relating to the non-ferrous industry, cement, engineering equipment and components.

The initial term of the Commodities Sales and Purchases Master Agreement shall come into force upon approval by the general meeting and shall expire on 31 December 2025, unless at any time either party gives at least three months’ written notice in advance to the other party and as agreed by both parties to terminate the agreement.

Pricing policy:

- (1) When determining the prices of commodities to be purchased from China Aluminum Group, the Company would primarily make reference to the market prices. The Company would collect market information from at least three independent third parties to consider if the prices of the commodities are fair and reasonable and in line with the market. The Company's business department staff would update the market information regularly with reference to public industry websites, such as Changjiang Non-ferrous Metals Website (<http://www.ccmn.cn>), Shanghai Metals Market (<http://www.smm.cn>) and China Aluminum Website (<http://www.cnal.com>). Should the business department staff find the reference prices currently used internally to be outdated upon their regular assessment of the prices, the staff of business department would submit an adjusted price to the senior management for final review and approval.
- (2) Determination shall be made upon negotiation by both parties based on the assessed value issued by a third appraisal institution.
- (3) In the circumstances where a market price is unavailable, the Company would adopt the cost-plus principle for pricing. The relevant costs include costs of raw materials and equipment purchased or produced, labour cost and staff welfare expenses, electricity and other utilities costs, depreciation, cost of machinery maintenance, and sales and administration expenses and so on. Unit cost would be determined based on the above factors. China Aluminum Group shall then charge the Company a profit margin based on arm's length negotiation on top of the unit cost. Such pricing should fall within the Company's budget and meet the profit targets of the Company.

Reasons for and benefits of the transactions:

- (1) The Company has been maintaining, and expect to maintain, sound business relationships with China Aluminum Group which is also familiar with the Company's specific and special requirements for certain commodities, which can reduce operation risks and is beneficial to the daily production management of the Company; and
- (2) As the Company provides engineering construction for China Aluminum Group and purchase related goods from China Aluminum Group and its subsidiaries on a proximity basis, the Company will purchase the products such as aluminum busbars and carbon blocks from China Aluminum Group and its subsidiaries where the project is located at or nearby, and will apply such products to the projects undertaken by the Company to provide engineering services to China Aluminum Group. In this way, the Company can effectively reduce its costs of purchasing and logistics and save its transportation and administration costs.

Historical figures and the proposed annual caps:

Historical amounts

Unit: RMB million

	For the years ended		As of
	31 December		30 June
	2020	2021	2022
Total transaction amounts of the commodities provided to the Company by China Aluminum Group and/or its associates under the Commodities Sales and Purchases Master Agreement	<u>46.02</u>	<u>40.24</u>	<u>12.17</u>

Historical annual caps

Unit: RMB million

	For the years ended 31 December		
	2020	2021	2022
Total transaction amounts of the commodities provided to the Company by China Aluminum Group and/or its associates under the Commodities Sales and Purchases Master Agreement	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Proposed annual caps

Unit: RMB million

	For the years ended 31 December		
	2023	2024	2025
Total transaction amounts of the commodities provided to the Company by China Aluminum Group and/or its associates under the Commodities Sales and Purchases Master Agreement	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

**Basis for
the caps:**

The proposed annual caps for 2023 to 2025 increase by 100% each year as compared with the annual caps of the preceding three years, which is mainly due to:

According to the future business plans, the Group will bring the comprehensive advantage of China Aluminum Group into full play and the number of construction projects undertaken within the Group increases in the next three years, each project will be planned to adopt the collective procurement mode to procure from the Group's internal enterprises, and the number of materials like aluminum and copper procured from China Aluminum Group correspondingly during the construction of projects will increase. The proportion of infrastructure costs in the total contracts of the Company's engineering business on hand is used as the basis to estimate the annual cap.

3. GENERAL SERVICES MASTER AGREEMENT — PROVISION OF GENERAL SERVICES TO CHINA ALUMINUM GROUP BY THE COMPANY

Parties:

China Aluminum Group (as service recipient) (for itself and on behalf of its subsidiaries and associates)

the Company (as service provider) (for itself and on behalf of its subsidiaries)

Date:

28 December 2022

Major terms:

In accordance with the General Services Master Agreement entered into by the Company and China Aluminum Group on 28 December 2022, the Group may provide certain kinds of services to China Aluminum Group and/or its associates from time to time, primarily including (1) provision of property leasing, warehousing and transportation services; and (2) provision of operation and management, labour and training services.

The initial term of the General Services Master Agreement shall come into force upon approval by the general meeting and shall expire on 31 December 2025, unless at any time either party gives at least three months' prior written notice to the other party and as agreed by both parties to terminate the agreement.

Pricing policy:

The Company would first refer to average market rates when determining the price of its various general services. In the circumstances where a market price is unavailable, the Company would negotiate with China Aluminum Group, and calculate the price on arm's length basis with reference to costs plus a reasonable profit margin. The reasonable margin is determined mainly with reference to the profit margin level of similar service provided by independent third parties in the market during the same period, to keep the price offered by the Company to China Aluminum Group not lower than that offered to third parties.

Reasons for and benefits of the transactions:

- (1) The Group has been able to provide general services such as lease, warehousing and transportation needed by China Aluminum Group. Being the engineering technology sector of China Aluminum Group, while the Company provides engineer services to China Aluminum Group according to the Engineering Services Master Agreement, we are also more familiarized with the business and operation requirements of China Aluminum Group. The alumina and electrolytic aluminum factories constructed by China Aluminum Group can leverage on the geographical advantages of the Company's subsidiaries and lease the office premises of the Company's subsidiaries for its operation needs, while the Company can also provide storage and transportation services to China Aluminum Group; and
- (2) The provision of general services awarded to China Aluminum Group by the Group is beneficial to avoid market fluctuation risk and increase the business income of the Group.

Historical figures and the proposed annual caps:

Historical amounts

Unit: RMB million

	For the years ended 31 December		As of 30 June
	2020	2021	2022
Total transaction amounts of the services provided to China Aluminum Group and/or its associates by the Company under the General Services Master Agreement	2.7	5.1	12.82

Historical annual caps

Unit: RMB million

	For the years ended 31 December		
	2020	2021	2022
Total transaction amounts of the services provided to China Aluminum Group and/or its associates by the Company under the General Services Master Agreement	100	100	100

Proposed annual caps

Unit: RMB million

	For the years ended 31 December		
	2023	2024	2025
Total transaction amounts of the services provided to China Aluminum Group and/or its associates by the Company under the General Services Master Agreement	<u>50</u>	<u>50</u>	<u>50</u>

Basis for the caps: The proposed annual caps for 2023 to 2025 decreased by 50% each year as compared with the annual caps of the preceding three years, which is mainly due to the focus on principal businesses of Group on its future business plans and the drop in service volume forecasted by the economic condition in the current and certain period of time.

4. GENERAL SERVICES MASTER AGREEMENT — PROVISION OF GENERAL SERVICES TO THE COMPANY BY CHINA ALUMINUM GROUP

Parties: China Aluminum Group (as service provider) (for itself and on behalf of its subsidiaries and associates)

the Company (as service recipient) (for itself and on behalf of its subsidiaries)

Date: 28 December 2022

Major terms: In accordance with the General Services Master Agreement entered into by the Company and China Aluminum Group on 28 December 2022, China Aluminum Group and/or its associates may provide certain kinds of services to the Group from time to time, primarily including:

- (1) provision of warehousing, transport and property leasing services; and
- (2) provision of services related to technology, logistics, labour and training.

The initial term of the General Services Master Agreement shall come into force upon approval by the general meeting and shall expire on 31 December 2025, unless at any time either party gives at least three months' prior written notice to the other party and as agreed by both parties to terminate the agreement.

Pricing policy:

The prices will be determined after arm's length negotiation with reference to the current market price of local service providers with similar scale and quality by inviting certain suppliers who appeared on the Group's recognized suppliers list to submit quotations or proposals before the Company places purchase orders to at least three independent third parties. The Company would make reference to the historical fees of such general services, together with the comparable prices available in the market, to ensure that the terms of the services provided by China Aluminum Group are fair and reasonable to the Company. For the general services which have no alternatives available in the market, the services fees received by China Aluminum Group from the Company would be determined after arm's length negotiation based on the Company's internal control measures. Please refer to Measures of Internal Control below in this announcement for the details of the internal control measures.

Reasons for and benefits of the transactions:

- (1) Over the years, the Company has been using the general services provided by China Aluminum Group and/or its associates; and China Aluminum Group has long been providing timely and stable general services for the Group. Accordingly, China Aluminum Group is able to fully understand the Company's business and operating requirements; and
- (2) The Group's management believes that maintaining the provision of stable and high quality general services is of utmost importance to the Company's current and future production and operations. With reference to its previous purchasing experience with China Aluminum Group, the Company believes that China Aluminum Group is capable of effectively satisfying the requirement of providing stable and high quality general services for the Company.

Historical figures and the proposed annual caps:

Historical amounts

Unit: RMB million

	For the years ended		As of
	31 December		30 June
	2020	2021	2022
Total transaction amounts of the services provided to the Group by China Aluminum Group and/or its associates under the General Services Master Agreement	37.19	35.05	24.8

Historical annual caps

Unit: RMB million

	For the years ended 31 December		
	2020	2021	2022
Total transaction amounts of the services provided to the Group by China Aluminum Group and/or its associates under the General Services Master Agreement	<u>160</u>	<u>160</u>	<u>160</u>

Proposed annual caps

Unit: RMB million

	For the years ended 31 December		
	2023	2024	2025
Total transaction amounts of the services provided to the Group by China Aluminum Group and/or its associates under the General Services Master Agreement	<u>160</u>	<u>160</u>	<u>160</u>

Basis for the caps: The proposed annual caps for 2023 to 2025 are in line with the annual caps of the preceding three years, which is mainly after considering the demand of the Group for the general services provided by China Aluminum Group, which basically remains stable.

5. ENGINEERING SERVICES MASTER AGREEMENT

Parties: China Aluminum Group (as service recipient) (for itself and on behalf of its subsidiaries and associates)

the Company (as service provider) (for itself and on behalf of its subsidiaries)

Date: 28 December 2022

Principal terms: In accordance with the Engineering Services Master Agreement entered into by the Company and China Aluminum Group on 28 December 2022, the Group may from time to time provide engineering services to China Aluminum Group and/or its associates, including but not limited to construction engineering, technology (right of use) transfer, project supervision, survey, engineering design, engineering consultancy, equipment agency and equipment sales, engineering management and other engineering-related services.

The initial term of the Engineering Services Master Agreement shall come into force upon approval by the general meeting and shall expire on 31 December 2025, unless at any time either party gives at least three months' prior written notice to the other party and as agreed by both parties to terminate the agreement.

Pricing policy:

The prices for the engineering services provided by the Company shall be determined (1) through the tender by China Aluminum Group; or (2) by arm's length negotiation between the parties. For determining the prices of survey and design projects, the Company would refer to the Engineering Survey and Design Charging Administration Regulations (Ji Jia Ge [2002] No. 10) (《工程勘察設計收費管理規定》(計價格[2002]第10號)) promulgated by the then National Development Plan Commission and Ministry of Construction.

For determining the prices of engineering and construction contracting projects, the Company would estimate prices on the basis of the project size and the exact work to be done, which is also the basis that the Company makes reference to when participating in the bidding or negotiation process. In addition, the Company would also calculate the base prices of engineering and construction contracting projects and then decide the final consideration of contract on arm's length basis with the contract party.

Reasons for and benefits of the transactions:

- (1) As the Company has long been providing stable engineering services to China Aluminum Group, we are able to fully understand the business and operating requirements of China Aluminum Group;
- (2) As the prices and terms of engineering services provided by the Company to China Aluminum Group are no less favourable than those provided to independent third parties by the Company, the transactions shall generate profits for the Company; and
- (3) China Aluminum Group is a large conglomerate among the world's Top 500. The Company's bidding for the construction projects of China Aluminum Group will help the Company expand its market share, increase its operating income, improve its market competence and enhance its brand awareness, thus is conducive to the brand building of the Company.

Historical figures and the proposed annual caps:

Historical amounts

Unit: RMB million

	For the years ended		As of
	31 December 2020	2021	30 June 2022
Total fees for the engineering services provided to China Aluminum Group by the Company under the Engineering Services Master Agreement	<u>3,293</u>	<u>1,610</u>	<u>782</u>

Historical annual caps

Unit: RMB million

	For the years ended 31 December		
	2020	2021	2022
Total fees for the engineering services provided by the Company to China Aluminum Group under the Engineering Services Master Agreement	<u>7,000</u>	<u>6,500</u>	<u>6,000</u>

Proposed annual caps

Unit: RMB million

	For the years ended 31 December		
	2023	2024	2025
Total fees for the engineering services provided by the Company to China Aluminum Group under the Engineering Services Master Agreement	<u>6,000</u>	<u>9,000</u>	<u>11,000</u>

Basis for the caps:

The proposed annual caps for 2023 to 2025 decrease by 14% and increase by 38% and 83% as compared with the annual caps for the preceding three years respectively. It is mainly because combining with the investment plans of China Aluminum Group, the Company expects to expand continuously and provides more comprehensive construction services of non-ferrous metal projects to China Aluminum Group going forward.

6. INTERNAL CONTROL MEASURES ADOPTED FOR THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTIONS

The Company has adopted the following internal management procedures to ensure that the above continuing connected transactions are fair and reasonable and on normal commercial terms:

- The Company has adopted and implemented a set of management system on connected transactions. Under the system, the Company's financial and capital operation department is responsible for conducting reviews on compliance with relevant laws, regulations, the Company's policies and the Hong Kong Listing Rules in respect of continuing connected transactions. In addition, the financial and capital operation department and other relevant operation departments of the Company are jointly responsible for evaluating the transaction terms under the agreements of continuing connected transactions, in particular, the fairness and reasonableness of the pricing terms under each agreement; and
- Independent non-executive Directors have also reviewed the agreements of continuing connected transactions, to ensure that such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company will also conduct an annual review on the pricing and annual caps of such agreements.

When determining the actual prices of products supplied and services provided by China Aluminum Group to the Company, China Aluminum Group will provide the Company with a proposed price first. As mentioned above, in order to ensure that the pricing terms under the agreements of continuing connected transactions are fair and reasonable, the tendering companies, the Company's financial and capital operation department and other relevant operation departments will conduct the following review procedures on the proposed price offered by China Aluminum Group.

- If a comparable market price is available, the proposed price will be compared with the market price to ensure that such proposed price is not higher than the selling price of the materials, components and parts or products with similar specifications, technology and quality requirements provided by other manufacturers in the market;
- The Company has established a stringent management method on market price inquiries:
 - (1) For selection of potential suppliers, the Group has developed standards for the selection of suppliers based on different purchase needs. Such standards include, but are not limited to, the scale of business, industry recognition, experiences in supplying the same types of products and services, technological level, financial conditions, etc. The same standards are applicable to both connected persons and independent third-party suppliers. The Company does not give any preferential treatment to connected persons in respect of the selection of potential suppliers. The selection of suppliers

shall be determined by the collective decision of a comprehensive tender assessment board with members including representatives from the tendering companies, the financial and capital operation department and other relevant operation departments jointly participating in such assessment. The Company will make market price inquiries with various suppliers and conducted rounds of internal assessment with reference to the factors including price, quality, technology, product risks and after-sales services;

(2) For price inquiry procedures, the Company requires at least three potential suppliers participating in the same purchase, of which at least two of them shall be independent third-party suppliers. Price inquiry procedures that fail to meet the above requirements will be void. Price inquiry procedures are conducted in strict accordance with the above model and the entire process is under the supervision of the tendering companies, the discipline inspection department and the financial and capital operation department. Any violation of those measures will be recorded. The result of price inquiry will undergo a final review by the management of the Company. The winner of the price inquiry procedure will enter into a written agreement with the Company. If there is any evidence of frauds or breaches of the supplier during the price inquiry procedure, the Company will terminate cooperation and pursue legal responsibility, regardless of whether such supplier is the Company's connected person. All of the written documents involved in the price inquiry procedure shall be kept for at least ten years. In case the parties involved in the price inquiry procedure have any reasonable doubt about the result of price inquiry, they may check relevant documents upon the Company's approval;

- If no comparable market price is available, the fairness and reasonableness of the proposed price will be determined with reference to (1) the market price of the raw materials or products and services forming relevant equipment or products; and (2) the cost estimated to be required for manufacturing such equipment, products and services with reference to requirements in relation to their nature, functionality, technology and quality standards, etc., which can be used to work out the total cost of such equipment, products and services plus a profit margin of not more than the maximum level as stipulated in the relevant agreements, depending on the complexity of technologies and quality control procedures involved; and
- The Company has established a bidding leading team, which comprises the vice president, heads of the purchase, engineering management and the financial department and legal personnel. The members of the team have more than 10 years of experience in the industry as well as rich work experience, and each of them possesses professional specialties. The bidding leading team will review the proposed price to ensure that it is in line with the pricing terms of the relevant agreements and the terms provided to the Company are no less favorable than those offered by the supplier to independent third parties.

GENERAL INFORMATION

Information on the Company

The Company is a leading technology, engineering service and equipment provider in the non-ferrous metals industry in China, capable of providing full business-chain integrated engineering solutions throughout various stages of the non-ferrous metals industry chain. The Group is primarily engaged in engineering design and consultancy, engineering and construction contracting, equipment manufacturing, and trading.

Information on China Aluminum Group

China Aluminum Group is a state-owned enterprise incorporated under the PRC law in 2001. China Aluminum Group is the controlling Shareholder of the Company and directly holds approximately 73.56% of its share capital in issue. China Aluminum Group is principally engaged in mineral resources development, smelting and processing of non-ferrous metals, relevant trading and related engineering and technical services. The ultimate beneficial owner of China Aluminum Group is the State-owned Assets Supervision and Administration Commission of the State Council.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, China Aluminum Group directly and indirectly holds 77.16% of the existing issued share capital of the Company, and is a controlling Shareholder of the Company and thus a connected person thereof. As the highest applicable percentage ratios of the annual caps under the relevant agreements for the general services provided to China Aluminum Group by the Company and the general services provided to the Company by China Aluminum Group exceed 0.1% but are less than 5%, it is subject to the reporting, announcement and annual review requirements but are exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratios of the annual caps for the commodities provided to China Aluminum Group by the Company, the commodities provided to the Company by China Aluminum Group and the engineering services provided to China Aluminum Group by the Company exceed 5%, it is subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Under Rule 14A.36 of the Hong Kong Listing Rules, any connected persons and shareholders and their associates who have a material interest in the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the transactions contemplated thereunder are required to abstain from voting in respect of the related resolutions at the general meeting. As China Aluminum Group and its associates hold a total of 2,283,179,000 shares of the Company (of which, China Aluminum Group directly holds 2,176,758,534 A Shares of the Company, Luoyang Institute, a subsidiary of China Aluminum Group, holds 86,925,466 A Shares of the Company, and Yunnan Aluminum International Company Limited (雲鋁國際有限公司), a subsidiary of China Aluminum Group, holds 19,459,000 H Shares of the Company), representing approximately 77.16% of the total issued share capital of the Company as at the date of this announcement, thus are connected persons of the Company. Accordingly, due to the interests of China Aluminum Group, Luoyang Institute and Yunnan Aluminum International Company Limited (雲鋁國際有限公司), China Aluminum Group and its associate Luoyang Institute and Yunnan Aluminum International Company Limited (雲鋁國際有限公司) would be required to abstain from voting on the resolutions for the approval of the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and their proposed annual caps.

Although the transactions in which the Company provides general services to China Aluminum Group (including relevant annual caps) and the transactions in which China Aluminum Group provides general services to the Company (including relevant annual caps) are exempted from the independent shareholder approval requirements under the Hong Kong Listing Rules, such transactions are still subject to approval by Independent Shareholders at the general meeting of the Company pursuant to the relevant requirements of the listing rules of the Shanghai Stock Exchange.

CONFIRMATION OF THE BOARD

As Mr. HU Zhenjie, Mr. ZHOU Xinzhe and Mr. ZHANG Wenjun, the Directors of the Company, hold management positions in China Aluminum Group and its subsidiaries, they are deemed to have material interests in the above continuing connected transactions. They have abstained from voting in respect of the Board resolution for the approval of the Commodities Sales and Purchases Master Agreement, the General Services Master Agreement, the Engineering Services Master Agreement and their proposed annual caps.

The Directors (excluding the independent non-executive Directors) consider that: the Commodities Sales and Purchases Master Agreement, the General Services Master Agreement, the Engineering Services Master Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms and in the ordinary or usual course of the Group's business, and the terms thereof (including respective annual caps) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

An independent financial advisor has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the renewal of the transactions in which the Company provides commodities to China Aluminum Group (including relevant annual caps) under the Commodities Sales and Purchases Master Agreement, the transactions in which China Aluminum Group provides commodities to the Company (including relevant annual caps) and the transactions in which the Company provides engineering services to China Aluminum Group (including relevant annual caps) under the Engineering Services Master Agreement (collectively referred to as the "**Transactions**") is conducted on normal commercial terms, fair and reasonable to the Independent Shareholders, and in the interest of the Company and its Shareholders as a whole, and advise the Independent Shareholders as to how to vote on the above resolutions at the general meeting. An Independent Board Committee has been established that comprises all the independent non-executive Directors, to advise the Independent Shareholders as to whether the Transactions are conducted on normal commercial terms, fair and reasonable to the Independent Shareholders, and in the interest of the Company and its Shareholders as a whole, and having considered the recommendations from the independent financial advisor engaged by the Company, to advise the Independent Shareholders as to how to vote on the above resolutions.

DESPATCH OF CIRCULAR

The Company will convene the general meeting to review and approve the entering into of the continuing connected transactions and their respective proposed annual caps. A circular containing, among others, (1) continuing connected transactions and their respective details; (2) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions; (3) the recommendation from the Independent Board Committee in respect of the Transactions; and (4) the notice of the general meeting may be despatched 15 business days after the date of this announcement as it will take some time to finalise certain information to be included in the circular.

DEFINITIONS

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

“Board”	the board of Directors
“China Aluminum Group”	Aluminum Corporation of China Limited (中國鋁業集團有限公司)
“Commodities Sales and Purchases Master Agreement”	the commodities sales and purchases master agreement entered into between China Aluminum Group and the Company on 28 December 2022
“Company”	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules

“continuing connected transaction”	the continuing connected transactions under the Commodities Sales and Purchases Master Agreement, the General Services Master Agreement and the Engineering Services Master Agreement entered into between the Company and China Aluminum Group on 28 December 2022 in relation to the provision of commodities by the Company to China Aluminum Group, the provision of commodities by China Aluminum Group to the Company, the provision of general services by the Company to China Aluminum Group, the provision of general services by China Aluminum Group to the Company and the provision of engineering services by the Company to China Aluminum Group
“Director(s)”	the director(s) of the Company
“Engineering Services Master Agreement”	the engineering services master agreement entered into between China Aluminum Group and the Company on 28 December 2022
“General Services Master Agreement”	the general services master agreement entered into between China Aluminum Group and the Company on 28 December 2022
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“H Shares”	the overseas listed foreign invested shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are subscribed for and traded in HK dollars and listed on the Stock Exchange
“Independent Board Committee”	an independent committee of the Board established for the purpose of considering the renewal of the transactions in which the Company provides commodities to China Aluminum Group (including relevant annual caps) under the Commodities Sales and Purchases Master Agreement, the transactions in which China Aluminum Group provides commodities to the Company (including relevant annual caps) and the transactions in which the Company provides engineering services to China Aluminum Group (including relevant annual caps) under the Engineering Services Master Agreement, comprising all independent non-executive Directors who are independent of the transactions

“Independent Shareholders”	the shareholders of the Company other than China Aluminum Group and its associates, who are not required to abstain from voting on the resolutions proposed at the general meeting to approve the continuing connected transactions and their respective annual caps
“independent third party(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Luoyang Institute”	Luoyang Engineering & Research Institute for Nonferrous Metals Processing Co., Ltd. (洛陽有色金屬加工設計研究院有限公司), a company incorporated under the laws of the PRC with limited liability (sole proprietorship invested or held by non-natural person) and a subsidiary of China Aluminum Group in which China Aluminum Group holds 100% equity interests
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of Shares
“Shares”	the shares in the share capital of the Company at par value of RMB1.00 per share, including A Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tendering Company”	Chalco Tendering Company Limited (中鋁招標有限公司), a company incorporated under the laws of the PRC with limited liability and a subsidiary of China Aluminum Group, the controlling shareholder of the Company

By Order of the Board
China Aluminum International Engineering Corporation Limited
ZHANG Jian
Company Secretary

Beijing, PRC
28 December 2022

As at the date of this announcement, the non-executive Directors are Mr. HU Zhenjie, Mr. ZHOU Xinzhe and Mr. ZHANG Wenjun; the executive Directors are Mr. LI Yihua, Mr. LIU Jing and Mr. LIU Ruiping; and the independent non-executive Directors are Mr. GUI Weihua, Mr. SIU Chi Hung and Mr. TONG Pengfang.