

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)

DISCLOSEABLE TRANSACTION THE PROVISION OF LETTERS OF MAKEUP OF SHORTFALL

References are made to the circular of the third extraordinary general meeting in 2019 dated 22 October 2019 and the poll results announcement of the third extraordinary general meeting in 2019 dated 11 November 2019 of China Aluminum International Engineering Corporation Limited (the “**Company**”) in relation to, among others, the approval of the resolution in respect of the provision of letters of makeup of shortfall for equity participating companies including Yunnan Ningyong Highway Co., Ltd., Yunnan Linyun Highway Co., Ltd. and Yunnan Linshuang Highway Co., Ltd., by shareholders, as proposed by the Company.

The Yun County-Lincang highway project (the “**Linyun Highway Project**”) concerns with the Yun County, Lincang City, Yunnan Province-Lincang section and its ancillary facilities to be constructed under the cooperation between the people’s government of Lincang City and social capital. The project is located in Yun County, Lincang City, Yunnan Province with a total length of 60.529 km. The main route adopts the standard two-way four-lane highway design with a designed speed of 80 km/hour and a subgrade width of 25.5 m. In order to ensure the smooth progression of the construction of the Linyun Highway Project, the investment entities designated by the people’s government of Lincang City and the social investors consortium jointly contributed capital to establish Linyun Highway Company. Linyun Highway Company is operated using the BOT approach under the PPP model, which means Build-Operate-Transfer to the entities designated by the government. The construction period lasts for 3 to 4 years and the operation period is 30 years. During the construction period, Linyun Highway Company is responsible for financing the project and contracting the construction project to consortium members which have the qualification and competence in construction to construct the project. During the operation period, Linyun Highway Company will become the main entity and the operation and management team jointly established by Yunnan Communications Investment and the Company will be in charge of the operation of the project. When the actual operating income from the project during the operation period exceeds the sum of the principal and interests of loans repayable to the financial institutions, operating costs and tax payables in the current year, the excessive portion will be regarded

as revenue of Linyun Highway Company. The distributable profit of the year will be shared between the government and the social capital in a proportion of 3:7 (in which Yunnan Communications Investment is entitled to 40% pursuant to its shareholding, and the Company and Sixth Metallurgical Company are entitled to 30% in total pursuant to their shareholding). Linyun Highway is included in the project management database of China Public Private Partnerships Center under the MOF. The Investment Agreement, PPP Project Contract and other relevant documents were signed and Linyun Highway Company was established and registered. Project capital of RMB2.982 billion in total was received, including registered capital of RMB100 million and capital reserve of RMB2.882 billion. Currently, construction contracts of the project are under the signing process.

The board of Directors (the “**Board**”) of the Company announced that in order to implement the relevant agreements, ensure the smooth progress of the construction of the Linyun Highway Project and safeguard the financing of the project, the Company, during the preceding twelve months, issued a letter of makeup of shortfall to the Yunnan Branch of Bank of Communications Limited (“**Yunan Branch of BOCOM**”), the Yunnan Branch of Postal Savings Bank of China Co., Ltd. (“**Yunan Branch of PSBC**”) and the Yunnan Branch of China Development Bank (“**Yunan Branch of CDB**”) on behalf of Yunnan Linyun Highway Co., Ltd. (“**Linyun Highway Company**”), an equity participating company, on 18 January 2022, 20 December 2021 and 1 December 2021 respectively.

Details of such agreements are as follows:

LETTER OF MAKEUP OF SHORTFALL I

Date: 18 January 2022

Parties: The Company;
Yunan Branch of BOCOM

Principal terms: The Company has agreed to the application by Linyun Highway Company (the “**Borrower**”) for a project loan of RMB500 million from Yunan Branch of BOCOM in respect of the Linyun Highway Project (the “**Project**”), and made the following commitments/arrangements regarding the repayment of loans in respect of the Project:

- (1) The Company will proactively assist the Borrower to arrange and implement the fund of the Project from Yunan Branch of BOCOM on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from Yunan Branch of BOCOM in accordance with the loan contract to ensure that such fund is fully applied to the construction of the Project;

- (2) The Company agrees to provide a pledge guarantee to Yunan Branch of BOCOM based on the proportion of the loan in respect of the toll right of the Project. Upon the completion of the Project, the Company will procure and assist the Borrower and Yunan Branch of BOCOM to complete and improve the relevant procedures for the registration of the pledge for the toll right;
- (3) During the effective loan period, where the debt repayment fund of the Borrower or the toll income from the Project is insufficient to repay the current loan principal and interests, the Company will provide Yunan Branch of BOCOM with funds for making up the shortfall at a ratio of 42.86% of the actual shortfall to ensure the timely repayment of loan principal and interests to Yunan Branch of BOCOM.

LETTER OF MAKEUP OF SHORTFALL II

Date: 20 December 2021

Parties: The Company;
Yunnan Branch of PSBC

Principal terms: The Company has agreed to the application by the Borrower for a project loan of RMB500 million in respect of the Project from Yunnan Branch of PSBC, and made the following commitments/arrangements regarding the repayment of project loans:

- (1) The Company will proactively assist the Borrower to arrange and implement the fund of the Project on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from Yunnan Branch of PSBC in accordance with the loan contract to ensure that such fund is fully applied to the construction of the Project;
- (2) The Company agrees to provide a pledge guarantee to Yunnan Branch of PSBC based on the proportion of the loan in respect of the toll right of the Project. Upon the completion of the Project, the Company will procure and assist the Borrower and Yunnan Branch of PSBC to complete and improve the relevant procedures for the registration of the pledge for the toll right;

- (3) During the effective loan period, where the debt repayment fund of the Borrower or the toll income from the Project is insufficient to repay the current loan principal and interests, the Company will base on the actual shortfall to provide Yunnan Branch of PSBC with funds for making up the shortfall at the current ratio for credit enhancement of 42.86% of the actual shortfall to ensure the timely repayment of loan principal and interests to Yunnan Branch of PSBC.

LETTER OF MAKEUP OF SHORTFALL III

Date: 1 December 2021

Parties: The Company;

Yunan Branch of CDB

Principal terms: The Company has agreed to the application by the Borrower for a project loan with an amount not exceeding RMB2 billion from Yunan Branch of CDB in respect of the Project, and made the following commitments/arrangements regarding the repayment of the loan of RMB1 billion currently incurred in respect of the Project:

- (1) The Company will proactively assist the Borrower to arrange and implement the fund of the Project on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from Yunan Branch of CDB in accordance with the loan contract to ensure that such fund is fully applied to the construction of the Project;
- (2) Where the Project is over budget, the Company will be responsible for procuring and assisting the Borrower to raise funds necessary for the construction of the Project to ensure the completion of which;
- (3) With respect to all the loan contracts signed by the Borrower regarding the application for a project loan with an amount of RMB1 billion from Yunan Branch of CDB mentioned above, where the Borrower fails to make debt repayment under any loan contract on time as scheduled by the relevant loan contract, the Company commits to make up the shortfall at a ratio of 42.86% of all the debts arising from each loan contract signed between the Borrower and Yunan Branch of CDB to ensure the full repayment of the debts mentioned above.

BASIS FOR DETERMINING CONSIDERATION

The total investment of Linyun Highway Project amounted to RMB10.734 billion, which was made up of self-owned capital and loan facilities. The self-owned capital amounted to RMB3.29 billion, among which, RMB17.31 million and RMB12.69 million were contributed by way of registered capital contribution and RMB1.963 billion and RMB1.227 billion were contributed by way of capital reserve contribution by Lincang Highway Development and Investment Co., Ltd. (臨滄市高速公路開發投資有限責任公司) and Lincang Transport Development and Investment Co., Ltd. (臨滄市交通發展投資有限責任公司), the relevant entities designated by the local government, respectively, amounting to a total contribution of RMB3.22 billion; RMB40 million was contributed by investment entities designated by Yunnan Communications Investment by way of registered capital contribution; and RMB30 million was jointly contributed by the Company and Sixth Metallurgical Company by way of registered capital contribution. The loan facilities amounted to RMB7.444 billion in total. According to the agreement, since the relevant entities designated by local government fulfill their contribution obligation on the basis of 30% of total investment, each member of the social investor consortium shall take responsibilities for fund raising towards gap of capital of and provide credit enhancement for project company, Linyun Highway Co., Ltd. The committed portions of the Company and investment entities designated by Yunnan Communications Investment shall be 42.86% and 57.14% respectively.

REASONS AND BENEFITS OF THE PROVISION OF LETTERS OF MAKEUP OF SHORTFALL

The Linyun Highway Project constitutes an important part of the mid – to long-term highway network plan of Yunnan Province. The main route of the Project starts from Shuimo Village, Yun County, connects to the starting point of Yun County-Fengqing highway, which is under construction, and ends at Neibang Village, Linxiang District. It connects with the end point of the Mojiang-Lincang highway, which is under construction. During the construction period, the financial needs of Linyun Highway Project mainly include construction and installation work costs, equipment and tool purchase costs, and other construction engineering costs. Linyun Highway Project is significant in terms of improving the highway network, enhancing channel capacity and strengthening road network connection in Yunnan Province. At the same time, Linyun Highway is of significant importance in enhancement of the brand influence of the Company and its participation in subsequent project construction, and it also helps constructors of the consortium to improve their results of operation. The Company considers that the provision of Letters of Makeup of Shortfall regarding Linyun Highway Project can meet the working capital and financial needs for the development of the Linyun Highway Project, which is of great benefit to the development of the Company's principal businesses and is in line with its business strategy and overall interests.

IMPLICATION OF THE LISTING RULES

Pursuant to Rule 14.22 of the Listing Rules, given that the Letters of Makeup of Shortfall I to III are completed within 12 months and are related to one other, the transaction amounts of which will be aggregated. As the maximum applicable percentage ratio of the aggregated provision of guarantees under the Letter of Makeup of Shortfall I to III exceeds 5% but is below 25%, the provision of guarantees constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

DIRECTOR'S CONFIRMATION

To the best of the Company's knowledge, information and belief having made all reasonable enquiries, Linyun Highway Company, Yunan Branch of BOCOM, Yunnan Branch of PSBC, Yunan Branch of CDB and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Directors consider that the terms of the guarantees under the Letters of Makeup of Shortfall regarding Linyun Highway Project are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has any significant interest in the guarantees under the Letters of Makeup of Shortfall.

GENERAL INFORMATION

Information about the Company

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

Information about Linyun Highway Company

Linyun Highway Company is a company incorporated in the PRC with limited liability, which is primarily engaged in high-grade highway-related transportation facilities investment, construction, management and operation. Currently, it is mainly responsible for the construction, operation and management of Linyun Highway Project. The Company and Sixth Metallurgical Company hold 30% of the shares of Linyun Highway Company in total (in which each of the Company and Sixth Metallurgical Company holds 15% of the shares respectively). Linyun Highway Company is not a subsidiary of the Company. The ultimate beneficial owner of Linyun Highway Company is Yunnan Communications Investment.

Information about BOCOM

BOCOM is a joint stock company incorporated in the PRC with limited liability, the H shares and the A shares of which are listed on the Stock Exchange (stock code: 03328) and the SSE (stock code: 601328). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide. The ultimate beneficial owner of BOCOM is the MOF.

Information about PSBC

PSBC is a joint stock company incorporated in the PRC with limited liability, the H shares and the A shares of which are listed on the Stock Exchange (stock code: 01658) and the SSE (stock code: 601658). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide. The ultimate beneficial owner of PSBC is China Post Group Co., Ltd.

Information about CDB

CDB was established in 1994, and is a policy-based financial institution. It is primarily engaged in the provision of financial services, including the development of mid-to-long term credit facilities and investment. The ultimate beneficial owner of CDB is the MOF.

DEFINITIONS

“BOCOM”	Bank of Communications Limited
“PSBC”	Postal Savings Bank of China Co., Ltd.
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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
“MOF”	Ministry of Finance of the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sixth Metallurgical Company”	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業第六冶金建設有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SSE”	the Shanghai Stock Exchange

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Yunnan Communications Investment” Yunnan Communications Investment & Construction Group Co.,
Investment” Ltd. (雲南省交通投資建設集團有限公司)

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

Beijing, the PRC, 18 January 2022

As at the date of this announcement, the non-executive Director is Mr. LI Yihua; the executive Directors are Mr. WU Jianqiang, Mr. LIU Jing and Mr. ZHANG Jian; and the independent non-executive Directors are Mr. GUI Weihua, Mr. CHEUNG Hung Kwong and Mr. FU Jun.