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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 Ningyong Highway Project refers to the Ning Lang-Yongsheng section and its ancillary facilities of the S37 Lugu Lake-Ning'er Expressway in Yunnan Province to be constructed under the cooperation between the people's government of Lijiang City of Yunnan Province and social capital. The project is located in Lijiang City, Yunnan Province with a total length of 100.694 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 Ningyong Highway Project, the entities designated by the people's government of Lijiang City and social investors consortium jointly contributed capital to establish Ningyong Highway Company. The project company (i.e. Ningyong 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 three to four years and the operation period is 30 years. During the construction period, the project company is responsible for the financing of the project and contracts the construction project to members of the consortium which have the qualification and competence in construction to construct the project; during the operation period, the project 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 repayable to the financial institutions, operating costs and tax payables in the current year, the excessive portion will be regarded as

revenue of the project 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). As of now, Ningyong Highway is included in the project management database of China Public Private Partnerships Center under the MOF. The investment agreement, licensed operation agreement and other relevant documents were signed and the project company was established and registered. As at the date of this announcement, project capital of RMB4.268 billion in total was received, including registered capital of RMB100 million and capital reserve of RMB4.168 billion.

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 Ningyong 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 Agricultural Bank of China Limited (“**Yunnan Branch of ABC**”), the Yunnan Branch of Postal Savings Bank of China Co., Ltd. (“**Yunnan Branch of PSBC**”) and the Yunnan Branch of ABC on behalf of Yunnan Ningyong Highway Co., Ltd., an equity participating company, on 28 December 2021, 28 December 2021 and 25 May 2022 respectively.

Details of such agreements are as follows:

LETTER OF MAKEUP OF SHORTFALL I

Date: 28 December 2021

Parties: The Company;
Yunnan Branch of ABC

Principal terms: The Company has agreed to the application by Yunnan Ningyong Highway Co., Ltd. (the “**Borrower**”) for a project loan of RMB600 million from Yunnan Branch of ABC 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 urge the Borrower to arrange and implement the fund of the Project from Yunnan Branch of BOCOM on time and in full, and will be responsible for urging the Borrower in utilizing the project loan from Yunnan Branch of ABC in accordance with the loan contract to ensure that such fund is fully applied to the construction of the Project;

- (2) 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 ABC with funds for making up the shortfall at the current ratio for credit enhancement of 42.86% of the actual shortfall, in order to repay loan principal and interests to Yunnan Branch of ABC on time.

LETTER OF MAKEUP OF SHORTFALL II

Date: 28 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 RMB447 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: 25 May 2022
- Parties: The Company;
Yunnan Branch of ABC
- Principal terms: The Company has agreed to the application by the Borrower for a project loan of RMB900 million from Yunnan Branch of ABC in respect of the Project, and made the following commitments/arrangements regarding the repayment of the project loan:
- (1) The Company will proactively urge the Borrower to arrange and implement the fund of the Project on time and in full, and will be responsible for urging the Borrower in utilizing the project loan from Yunnan Branch of ABC in accordance with the loan contract to ensure that such fund is fully applied to the construction of the Project;
 - (2) During the effective period of the loan, if the Borrower's debt repayment fund or the toll income from the project are insufficient to repay the current loan principal and interests, the Company will base on the actual shortfall to provide Yunnan Branch of ABC with funds for making up the shortfall at the current ratio for credit enhancement of 42.86% of the actual shortfall, in order to repay loan principal and interests to Yunnan Branch of ABC on time.

BASIS FOR DETERMINING CONSIDERATION

The total investment of Ningyong Highway Project amounted to RMB15.297 billion, which was made up of self-owned capital and loan facilities. The self-owned capital amounted to RMB4.659 billion in total, among which, RMB16.62 million and RMB13.38 million were contributed by way of registered capital and RMB2.525 billion and RMB2.034 billion were contributed by way of capital reserve by Lijiang Travel Development and Investment Group Co., Ltd. and Lijiang Ningyong Highway Investment Co., Ltd., the relevant entities designated by the local government, respectively, amounting to a total contribution of RMB4.589 billion; RMB40 million was contributed by investment entities designated by Yunnan Communications Investment; and RMB30 million was jointly contributed by the Company and Sixth Metallurgical Company. The loan facilities amounted to RMB10.638 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 of the social investors consortium shall take responsibilities for fund raising towards gap of capital of the project company and provide credit enhancement for the project company. 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 Ningyong 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 the Lower Renhe Village of Ninglang County, intendedly connects to the planned S37 Lugu Lake-Ning Lang section, and ends near Yongsheng south factory. It connects with the Yongsheng junction of Huali Expressway and with S37 Yongsheng-Binchuan Expressway section through Huali Expressway. During the construction period, the financial needs of Ningyong Highway Project mainly include construction and installation work costs, equipment and tool purchase costs, and other construction engineering costs. The Ningyong Highway Project is significant in terms of improving the highway network, enhancing channel capacity and strengthening road network connection in Yunnan Province. In addition, the Ningyong Highway Project 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 Ningyong Highway Project can meet the working capital and financial needs for the development of the Ningyong 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 Letter 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, Ningyong Highway Company, Yunnan Branch of ABC and Yunnan Branch of PSBC 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 Ningyong 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 Ningyong Highway Company

Yunnan Ningyong Highway Co., Ltd. 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 the Ningyong Highway Project. The Company and Sixth Metallurgical Company hold 30% of the shares of Yunnan Ningyong Highway Co. Ltd. in total (in which each of the Company and Sixth Metallurgical Company holds 15% of the shares). Ningyong Highway Company is not a subsidiary of the Company.

Information about ABC

ABC 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: 01288) and the SSE (stock code: 601288). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide. The ultimate beneficial owner of ABC is the Central Huijin Investment Co., Ltd.

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.

DEFINITIONS

“ABC”	Agricultural Bank of China Limited
“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
“Ningyong Highway Company”	Yunnan Ningyong Highway Co., Ltd.
“PRC”	the People’s Republic of China
“PSBC”	Postal Savings Bank of China Co., Ltd.
“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., 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
Company Secretary

Beijing, the PRC, 26 May 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.