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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)

MAJOR 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 passing 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. as proposed by the Company, pursuant to which, the Company hereby provides the following letters of makeup of shortfall for Ningyong Highway Project:

NINGYONG LETTER OF MAKEUP OF SHORTFALL I

Date: 18 December 2019

Parties: The Company;

CCB Lijiang Branch

Principal terms:

The Company has agreed to the application of Ningyong Highway Co. Ltd. (the “**Borrower**”) with CCB Lijiang Branch for a project loan of not more than RMB3 billion, including a loan of RMB1.2 billion expensed by the Borrower as at 31 October 2019, in respect of the Ningyong Highway Project. The Company hereby makes the following commitments/arrangements regarding the repayment of 42.86% of the project loan in the amount of RMB3 billion, including the loan of RMB1.2 billion as expensed:

- (1) The Company will be responsible for procuring and assisting the Borrower to implement the Ningyong Highway Project fund on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from CCB Lijiang Branch in accordance with the loan contract to ensure that such project fund is applied to project construction in full;
- (2) If Ningyong Highway Project exceeds the budget, the Company will be responsible for procuring and assisting the Borrower to raise the funds required for project construction to ensure the completion of such project; and
- (3) For all of the loan contracts signed by the Borrower in respect of the application of the above project loan of up to RMB3 billion, including the loan of RMB1.2 billion as expensed, to CCB Lijiang Branch, if the Borrower fails to repay the loan on time in accordance with the provisions under the loan contracts or breaches other provisions under the loan contracts, the Company undertakes to make up 42.86% of the total debts, which shall not exceed RMB1,285,800,000, arising from each loan contract, including the loan of RMB1.2 billion as expensed, signed between the Borrower and CCB Lijiang Branch, to ensure the repayment of the above debt in full.

NINGYONG LETTER OF MAKEUP OF SHORTFALL II

Date: 2 July 2020

Parties: The Company;

ICBC Yunnan Branch and the loan handling branch of ICBC

Principal terms:

The Company has agreed to the application of Yunnan Ningyong Highway Co. Ltd. (the “**Borrower**”) with ICBC Yunnan Branch for a project loan of RMB5 billion in respect of the Ningyong Highway Project, and made the following commitments/arrangements regarding the repayment of the project loan:

- (1) The Company will proactively assist the Borrower to arrange and implement the Ningyong Highway Project fund on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from ICBC Yunnan Branch in accordance with the loan contract to ensure that such project fund is applied to project construction in full;
- (2) The Company agreed that pledge guarantee to ICBC Yunnan Branch based on the proportion of the loan in respect of the toll right of the Ningyong Highway Project is provided. Upon the completion of such project, the Company will procure and assist the Borrower and ICBC Yunnan Branch to complete the relevant procedures for the registration of the pledge for the toll right; and
- (3) During the effective period of the loan, if the Borrower’s debt repayment fund or the toll income from the Ningyong Highway Project are insufficient to repay the current loan principal and interests, the Company will make up the Borrower with its comprehensive income/fund at the percentage of 42.86%, which shall not exceed RMB2,143,000,000, to ensure the repayment of loan principal and interests to ICBC Yunnan Branch on time.

BASIS FOR DETERMINING CONSIDERATION

The total investment of Ningyong Highway Project amounted to RMB15.297 billion, among which, the self-owned capital contribution amounted to RMB4.659 billion (in which the relevant entities designated by the local governments contributed RMB4.589 billion, investment entities designated by Yunnan Communications Investment contributed RMB40 million, the Company and Sixth Metallurgical Company jointly contributed RMB30 million), and loan facilities amounted to RMB10.638 billion. Apart from the registered capital contributed by each shareholder, the self-owned capital was also contributed by Lijiang Travel Development and Investment Group Co., Ltd. (麗江市旅遊開發投資集團有限責任公司) and Lijiang Ningyong Highway Investment Co., Ltd. (麗江寧永高速公路投資有限公司) as to RMB2.525 billion and RMB2.034 billion, respectively. The funding will be gradually contributed subject to the progress of projects and all included in the capital reserve

of Yunnan Ningyong Highway Co. Ltd.. According to the agreement, since the relevant entity designated by local government fulfills its 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 project company, Yunnan Ningyong Highway Co. Ltd., and provide credit enhancement for project company, Yunnan Ningyong 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 LETTER OF MAKEUP OF SHORTFALL

The Directors consider that the provision of Ningyong Letters of Makeup of Shortfall I and II 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 Ningyong Letters of Makeup of Shortfall I and II are to be completed within 12 months and are related to each other, the transaction amounts of the Ningyong Letters of Makeup of Shortfall I and II will be aggregated. As the maximum applicable percentage ratios for the provision of guarantees under Ningyong Letters of Makeup of Shortfall I and II exceed 25% but are below 75%, the provision of guarantees under Ningyong Letters of Makeup of Shortfall I and II constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN APPROVAL OF THE SHAREHOLDERS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the shareholders has any significant interest in the guarantees under Ningyong Letters of Makeup of Shortfall I and II, therefore, none of the shareholders is required to abstain from voting at the general meeting convened in respect of the guarantees under Ningyong Letters of Makeup of Shortfall I and II.

The Board announces that the relevant written approval in lieu of convening a general meeting for approving the guarantees under Ningyong Letters of Makeup of Shortfall I and II was approved in writing by Chinalco, the Company's controlling shareholder. As at the date of this announcement, Chinalco beneficially owned 2,176,758,534 shares of the Company and held 73.56% of the total issued share capital of the Company.

As the conditions set out in Rule 14.44 of the Listing Rules have been satisfied, the Company will not convene a general meeting for approving the guarantees under Ningyong Letters of Makeup of Shortfall I and II pursuant to Rule 14.44 of the Listing Rules. Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among others, the details of the guarantees under Ningyong Letters of Makeup of Shortfall I and II shall be dispatched to the shareholders for their reference within 15 business days of the publication from this announcement, i.e. on or before 23 July 2020.

DIRECTOR'S CONFIRMATION

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yunnan Ningyong Highway Co. Ltd., CCB Lijiang Branch, ICBC Yunnan Branch 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 Ningyong Letters of Makeup of Shortfall I and II 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 Ningyong Letters of Makeup of Shortfall I and II.

GENERAL INFORMATION

Information about the Company

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

Information about Industrial and Commercial Bank of China Limited

Industrial and Commercial Bank of China Limited 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 Hong Kong Stock Exchange (stock code: 1398) and the Shanghai Stock Exchange (stock code: 601398). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide.

Information about China Construction Bank Corporation

China Construction Bank Corporation 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 Hong Kong Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide.

Information about Yunnan Ningyong Highway Co. Ltd.

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 respectively). Yunnan Ningyong Highway Co. Ltd. is not a subsidiary of the Company.

DEFINITIONS

“CCB”	China Construction Bank Corporation 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 Hong Kong Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide
“Chinalco”	Aluminum Corporation of China (中國鋁業集團有限公司), a state-owned enterprise incorporated under the laws of the PRC and our controlling shareholder
“Group”	the Company and its subsidiaries
“ICBC”	Industrial and Commercial Bank of China Limited 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 Hong Kong Stock Exchange (stock code: 1398) and the Shanghai Stock Exchange (stock code: 601398). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide
“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
“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
“Yunnan Communications Investment	Yunnan Communications Investment & Construction Group Co., Ltd.

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

Beijing, PRC, 2 July 2020

As at the date of this announcement, the non-executive directors are Mr. WANG Jun and Mr. LI Yihua; the executive directors are Mr. WU Jianqiang, Mr. WU Zhigang and Mr. ZHANG Jian; and the independent non-executive directors are Mr. GUI Weihua, Mr. CHEUNG Hung Kwong and Mr. FU Jun.