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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 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 entities designated by the people’s government of Lincang City and social investors consortium jointly contributed capital to establish Yunnan Linyun Highway Co., Ltd. The project company (Yunnan Linyun Highway Co., Ltd.) 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 contracting 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 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 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, Linyun Highway is included in the project management database of China Public Private Partnerships Center under the Ministry of Finance. The investment agreement, PPP project contract and other relevant documents were signed and the project company was established and registered. Project capital of RMB2.524 billion in total was received, including registered capital of RMB100 million and capital reserve of RMB2.424 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 work of the project, the Company issued letters of makeup of shortfall to PSBC, BOCOM and ICBC, respectively, on behalf of Yunnan Linyun Highway Co., Ltd. (“**Linyun Highway Company**”) on 28 September 2020. Prior to that, the Company had issued a letter of makeup of shortfall to CCB on behalf of Linyun Highway Company on 18 December 2019, the details of which are as follows:

LETTER OF MAKEUP OF SHORTFALL I

Date: 28 September 2020

Parties: The Company;

ICBC Yunnan Branch and the loan handling branch

Principal terms: The Company has agreed to the bank facilities of RMB1.6 billion provided by ICBC to Linyun Highway Company (the “**Borrower**”) in respect of the Linyun Highway Project (the “**Project**”), and made the following commitments/arrangements regarding the repayment of the loan of RMB100 million incurred in this project:

- (1) The Company will proactively assist the Borrower to arrange and implement the project fund from ICBC on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from the bank in accordance with the loan contract to ensure that such fund is applied to project construction in full;
- (2) The Company agreed that pledge guarantee to ICBC based on the proportion of the loan in respect of the toll right of the Project is provided. Upon the completion of such project, the Company will procure and assist the Borrower and ICBC to complete and improve the relevant procedures for the registration of the pledge for the toll right;
- (3) 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 in respect of the loan of RMB100 million incurred, the Company will make up the Borrower with its comprehensive income/fund at the percentage of 42.86% to ensure the repayment of loan principal and interests to ICBC on time (this letter of commitment is irrevocable and is not subject to change once it is issued, unless both parties agree in concert upon negotiation).

LETTER OF MAKEUP OF SHORTFALL II

Date: 28 September 2020

Parties: The Company;

PSBC Yunnan Branch

Principal terms: The Company has agreed to the application of Linyun Highway Company (the “**Borrower**”) with PSBC for a project loan of RMB200 million in respect of the Linyun Highway Project (the “**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 project fund on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from PSBC in accordance with the loan contract to ensure that such fund is applied to project construction in full;
- (2) The Company agreed that pledge guarantee to PSBC based on the proportion of the loan in respect of the toll right of the Project is provided. Upon the completion of such project, the Company will procure and assist the Borrower and PSBC to complete and improve the relevant procedures for the registration of the pledge for the toll right;
- (3) 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 provide PSBC with the makeup of shortfall in respect of the repayment at the percentage of 42.86% based on the actual shortfall in respect of the repayment, to ensure the repayment of loan principal and interests to PSBC on time.

LETTER OF MAKEUP OF SHORTFALL III

Date: 28 September 2020

Parties: The Company;
BOCOM Yunnan Branch

Principal terms: The Company has agreed to the application of Linyun Highway Company (the “**Borrower**”) with BOCOM for a project loan of RMB100 million in respect of the Linyun Highway Project (the “**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 project fund on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from BOCOM in accordance with the loan contract to ensure that such fund is applied to project construction in full;
- (2) The Company agreed that pledge guarantee to BOCOM based on the proportion of the loan in respect of the toll right of the Project is provided. Upon the completion of such project, the Company will procure and assist the Borrower and BOCOM to complete and improve the relevant procedures for the registration of the pledge for the toll right;
- (3) 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 provide BOCOM with the makeup of shortfall in respect of the repayment at the percentage of 42.86% of the actual shortfall in respect of the repayment, to ensure the repayment of loan principal and interests to BOCOM on time.

LETTER OF MAKEUP OF SHORTFALL IV

Date: 18 December 2019

Parties: The Company;
CCB Lincang Branch

Principal terms: The Company has agreed to the application of Linyun Highway Company (the “**Borrower**”) with CCB for a project loan of not more than RMB3 billion in respect of the Linyun Highway Project (the “**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:

- (1) The Company will be responsible for procuring and assisting the Borrower to implement the project fund on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from CCB in accordance with the loan contract to ensure that such project fund is applied to project construction in full;
- (2) If the 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;
- (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 RMB800 million as expensed, to CCB, 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 perform joint and several repayment obligations in respect of 42.86% of the total debts arising from each loan contract, including the loan of RMB800 million as expensed, signed between the Borrower and CCB, to ensure the repayment of the above debt in full.

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 of the social investors 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. In addition, 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 above Letters of Makeup of Shortfall are to be completed within 12 months and are related to each other, the transaction amounts of the above Letters of Makeup of Shortfall will be aggregated. As the maximum applicable percentage ratios for the provision of guarantees under the above Letters of Makeup of Shortfall exceed 5% but are below 25%, the provision of guarantees under the above Letters of Makeup of Shortfall 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, ICBC, PSBC, BOCOM, CCB 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 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 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 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 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 ICBC

ICBC 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: 01398) and the SSE (stock code: 601398). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide. The ultimate beneficial owner of ICBC is 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.

Information about CCB

CCB 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: 0939) and the SSE (stock code: 601939). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide. The ultimate beneficial owner of CCB is Central Huijin Investment Co., Ltd.

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 Ministry of Finance.

DEFINITIONS

“BOCOM”	Bank of Communications Limited
“CCB”	China Construction Bank Corporation
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“ICBC”	Industrial and Commercial Bank of China Limited
“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
“Ministry of Finance”	Ministry of Finance of the PRC
“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.

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

Beijing, PRC, 28 September 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.