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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 Linxiang-Shuangjiang highway project (the “**Linshuang Highway Project**”) concerns with the Linxiang-Shuangjiang (both in Lincang City, Yunnan Province) 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 Linxiang District and Shuangjiang County, Lincang City, Yunnan Province with a total length of 42.756 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 Linshuang Highway Project, the entities designated by the people’s government of Lincang City and social investors consortium jointly contributed capital to establish Yunnan Linshuang Highway Co., Ltd. (“**Linshuang Highway Company**”). Linshuang 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, Linshuang Highway 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, Linshuang

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 Linshuang 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). As of now, Linshuang 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 Linshuang Highway Company was established and registered. Project capital of RMB1.813 billion in total was received, including registered capital of RMB100 million and capital reserve of RMB1.713 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 Linshuang Highway Project and safeguard the financing work of the project, the Company issued letters of makeup of shortfall to CCB Lincang Branch and ABC Lincang Branch, respectively, on behalf of Linshuang Highway Company, an equity participating company, on 12 October 2020. Prior to that, the Company had issued a letter of makeup of shortfall to ICBC Yunnan Branch and the loan handling branch on behalf of Linshuang Highway Company on 6 May 2020. The details of the relevant agreements are as follows:

LETTER OF MAKEUP OF SHORTFALL I

Date: 12 October 2020

Parties: The Company;
CCB Lincang Branch

Principal terms: The Company has agreed to the application of Linshuang Highway Company (the “**Borrower**”) from CCB Lincang Branch for a project loan of RMB100 million in respect of the Linshuang Highway Project (the “**Project**”), and made the following commitments/arrangements regarding the repayment of 42.86% of the project loan of RMB100 million:

- (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 Lincang Branch 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 RMB100 million from CCB Lincang 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 the shortfall in respect of 42.86% of the total debts arising from each loan contract signed between the Borrower and CCB Lincang Branch, to ensure the repayment of the above debt in full (this undertaking is irrevocable and is not subject to change once it is issued, and will not be changed due to changes in the Company’s shareholder status or shareholding percentage in the project company, unless otherwise agreed by both parties upon negotiation).

LETTER OF MAKEUP OF SHORTFALL II

Date: 12 October 2020

Parties: The Company;

ABC Lincang Branch

Principal terms: The Company has agreed to the application of Linshuang Highway Company (the “**Borrower**”) from ABC Lincang Branch for a project loan of RMB100 million in respect of the Linshuang Highway Project (the “**Project**”), and made the following commitments/arrangements regarding the repayment of the project loan:

- (1) The Company will be responsible for procuring and assisting the Borrower to implement the Project fund and project financing on time and in full, and will be responsible for supervising the Borrower in utilizing the project loan from ABC Lincang Branch (syndicate) 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) During the effective period of the loan as stipulated under the loan contract signed between the Borrower and ABC Lincang Branch (syndicate), if the Borrower fails to repay the loan on time or breaches other provisions under the loan contracts, the Company will make up for 42.86% of all debts under the loan contract signed between the Borrower and ABC Lincang Branch (syndicate) in respect of the project loan to ensure the repayment of the loan in full and on time by the Borrower (this letter of undertaking is irrevocable and is not subject to change once it is issued, unless otherwise agreed by both parties upon negotiation).

LETTER OF MAKEUP OF SHORTFALL III

Date: 6 May 2020

Parties: The Company;

ICBC Yunnan Branch and the loan handling branch

Principal terms: The Company has agreed to the application of Linshuang Highway Company (the “**Borrower**”) from ICBC Yunnan Branch and the loan handling branch for a project loan of RMB2.36 billion in respect of the Linshuang 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 ICBC Yunnan Branch and the loan handling branch 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 Yunnan Branch and the loan handling branch 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 Yunnan Branch and the loan handling branch 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 is insufficient to repay the current loan principal and interests, the Company will make up the Borrower with its comprehensive income/fund pursuant to the existing shareholding percentage of 42.86% to ensure the repayment of loan principal and interests to ICBC Yunnan Branch and the loan handling branch on time (this undertaking will not be changed due to changes in the Company’s shareholder status or shareholding percentage).

BASIS FOR DETERMINING CONSIDERATION

The total investment of Linshuang Highway Project amounted to RMB7.052 billion, which was made up of self-owned capital and loan facilities. The self-owned capital amounted to RMB2.186 billion, among which, RMB15.4 million and RMB14.6 million were contributed by way of registered capital contribution and RMB1.12 billion and RMB966 million 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 RMB2.116 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 RMB4.866 billion in total. According to the agreement, since the relevant entities designated by the 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 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 Linshuang 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 west of Boshang Town and the east of Lincang Airport, connects to Lincang Airport highway and ends at Shuangjiang County. During the construction period, the financial needs of Linshuang Highway Project mainly include construction and installation work costs, equipment and tool purchase costs, and other construction engineering costs. Linshuang Highway Project is significant in terms of improving the highway network, enhancing channel capacity and strengthening road network connection in Yunnan Province. In addition, Linshuang 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 Linshuang Highway Project can meet the operation capital and financial needs for the development of the Linshuang 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, Linshuang Highway Company, ICBC, CCB, ABC 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 Linshuang 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 nonferrous metals industry chain. The Group is primarily engaged in engineering design and consultancy, engineering and construction contracting, equipment manufacturing and trading.

Information about Linshuang Highway Company

Linshuang 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 Linshuang Highway Project. The Company and Sixth Metallurgical Company hold 30% of the shares of Linshuang Highway Company in total (in which each of the Company and Sixth Metallurgical Company holds 15% respectively). Linshuang Highway Company is not a subsidiary of the Company. The ultimate beneficial owner of Linshuang 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 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 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 Central Huijin Investment Co., Ltd.

DEFINITIONS

“ABC”	Agricultural Bank of China 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
“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., Ltd.

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

Beijing, PRC, 12 October 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.