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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.

Reference is made to the announcement of the Company dated 28 September 2020, in the past twelve months, 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**”), an equity participating company, on 28 September 2020 (collectively, the “**Disclosed Letters of Makeup of Shortfall**”).

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 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 three to four years and the operation period is 30 years. During the construction period, Linyun 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, 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). 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 Linyun Highway Company was established and registered. Project capital of RMB2.961 billion in total was received, including registered capital of RMB100 million and capital reserve of RMB2.861 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 a letter of makeup of shortfall (the “**Letter of Makeup of Shortfall I**”) to BOC on behalf of Linyun Highway Company, an equity participating company, on 21 December 2020.

On 26 November 2020, the Company also issued letters of markup of shortfall (the “**Letter of Makeup of Shortfall II**” and the “**Letter of Makeup of Shortfall III**”, collectively, “**Undisclosed Letters of Makeup of Shortfall**”) to BOCOM and ICBC, respectively, on behalf of Linyun Highway Company.

The details of such agreements are as follows:

LETTER OF MAKEUP OF SHORTFALL I

Date: 21 December 2020

Parties: The Company;
BOC Lincang Branch

Principal terms: The Company has agreed to the bank facilities of RMB500 million provided by BOC Lincang Branch 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 RMB400 million incurred in the Project:

- (1) The Company will proactively assist the Borrower to arrange and implement the project fund from BOC Lincang Branch 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 BOC Lincang Branch based on the proportion of the loan in respect of the toll right of the Project is provided. Upon the completion of the Project, the Company will procure and assist the Borrower and BOC Lincang Branch to complete and improve the relevant procedures for the registration of the pledge for the toll right;
- (3) During the loan period, after the Borrower fails to repay any of the loan principal and interest payments, including early due payments, under the above loan of RMB400 million in full on time, the Company will immediately make up the repayment in accordance with the proportion of 42.86% to ensure the timely repayment of loan principal and interest to BOC Lincang Branch (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 II

Date: 26 November 2020

Parties: The Company;
BOCOM Yunnan Branch

Principal terms: The Company has agreed to the application of Linyun Highway Company (the “**Borrower**”) from BOCOM Yunnan Branch for a project loan of RMB600 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 Yunnan 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 BOCOM Yunnan Branch based on the proportion of the loan in respect of the toll right of the Project is provided. Upon the completion of the Project, the Company will procure and assist the Borrower and BOCOM Yunnan 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 provide BOCOM Yunnan Branch 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 Yunnan Branch on time.

LETTER OF MAKEUP OF SHORTFALL III

Date: 26 November 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 of Linyun Highway Company (the “**Borrower**”) from ICBC Yunnan Branch and the loan handling branch in respect of the Linyun Highway Project (the “**Project**”), and made the following commitments/arrangements regarding the repayment of the loan of RMB200 million incurred in respect of the Project:

- (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 corresponding to the loan of RMB200 million incurred in respect of the Project, 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 letter of commitment is irrevocable and is not subject to change once it is issued, unless both parties agree in concert upon negotiation).

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. 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 Letter of Makeup of Shortfall I, the Undisclosed Letters of Makeup of Shortfall and the Disclosed Letters of Makeup of Shortfall are completed within 12 months and are related to each other, the transaction amounts of the Letter of Makeup of Shortfall I and the Undisclosed Letters of Makeup of Shortfall and the Disclosed Letters of Makeup of Shortfall will be aggregated. As the maximum applicable percentage ratio of the provision of guarantees after calculating the Letter of Makeup of Shortfall I separately is below 5%, while the maximum applicable percentage ratios of the provision of guarantees after calculating the Letter of Makeup of Shortfall I in aggregate with the (i) Undisclosed Letters of Makeup of Shortfall, and (ii) the Undisclosed Letters of Makeup of Shortfall and Disclosed Letters of Makeup of Shortfall respectively both exceed 5% but are below 25%, the provision of guarantees under the Letter of Makeup of Shortfall I 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, BOC, BOCOM, ICBC 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 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 BOC

BOC 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: 03988) and the SSE (stock code: 601988). It is primarily engaged in the provision of a wide range of financial products and services to customers worldwide. The ultimate beneficial owner of BOC 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.

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.

DEFINITIONS

“BOCOM”	Bank of Communications Limited
“BOC”	Bank of China Limited
“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, 21 December 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.