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CHALIECO
中铝国际

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)

**PROPOSED ADOPTION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME
PROPOSED ADOPTION OF THE MANAGEMENT MEASURES FOR THE 2023
RESTRICTED SHARE INCENTIVE SCHEME
PROPOSED ADOPTION OF THE APPRAISAL MANAGEMENT MEASURES FOR
THE IMPLEMENTATION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME
PROPOSED AUTHORISATION TO THE BOARD TO HANDLE THE MATTERS
RELATING TO THE 2023 RESTRICTED SHARE INCENTIVE SCHEME
THE ISSUANCE OF THE ONSHORE AND
OFFSHORE DEBT FINANCING INSTRUMENTS
BOARD OF DIRECTORS' WORK REPORT FOR 2023
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PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS,
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RENEWAL OF APPOINTMENT OF ACCOUNTING FIRM
RENEWAL OF FINANCIAL SERVICES AGREEMENT
ELECTION OF NON-INDEPENDENT DIRECTORS OF THE FOURTH SESSION OF
THE BOARD OF THE COMPANY
ELECTION OF AN INDEPENDENT DIRECTOR OF THE FOURTH SESSION OF
THE BOARD OF THE COMPANY
NOTICE OF THE 2023 ANNUAL GENERAL MEETING
AND
NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2024**

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

The AGM and the H Share Class Meeting will be held at Conference Room 312 of China Aluminum International Engineering Corporation Limited, Building C, No. 99 Xingshikou Road, Haidian District, Beijing at 9:30 a.m. on Tuesday, 18 June 2024. The Notices of AGM and Class Meetings are set out on pages 201 to 205 of this circular. The forms of proxy (the "Forms of Proxy") of the AGM and the H Share Class Meeting were distributed on 17 May 2024 and published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

If you intend to appoint a proxy to attend the AGM and/or the Class Meetings, you should complete the Form of Proxy in accordance with the instructions printed thereon and return the same not less than 24 hours before the time fixed for holding the AGM and/or Class Meetings or any adjournment thereof (as the case may be). Completion and return of the Form of Proxy will not preclude you from attending the AGM and/or the Class Meetings and voting in person if you so wish.

17 May 2024

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	8
Letter from the Independent Board Committee	88
Letter from Gram Capital	90
APPENDIX I — 2023 Restricted Share Incentive Scheme	103
APPENDIX II — Management Measures for the 2023 Restricted Share Incentive Scheme	155
APPENDIX III — Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme	168
Appendix IV — Board of Directors' Work Report	175
Appendix V — Board of Supervisors' Work Report	183
Appendix VI — Financial Information of the Group	188
Appendix VII — General Information	196
Notice of the 2023 Annual General Meeting	201
Notice of the First H Share Class Meeting of 2024	204

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2023 Restricted Share Incentive Scheme” or “Scheme”	the 2023 restricted share incentive scheme of China Aluminum International Engineering Corporation Limited
“A Share(s)”	the ordinary Shares of the Company with a nominal value of RMB1.00 each which were issued in the PRC and subscribed in RMB and are listed on the SSE
“A Share Class Meeting”	the first A Share class meeting of 2024 of the Company to be held at Conference Room 312 of China Aluminum International Engineering Corporation Limited, Building C, No. 99, Xingshikou Road, Haidian District, Beijing on Tuesday, 18 June 2024 immediately following the conclusion of the AGM or any adjournment thereof, whichever is the later
“Administrative Measures”	the Administrative Measures on Share Incentives of Listed Companies
“AGM”	the 2023 annual general meeting of the Company, which is to be held at Conference Room 312 of China Aluminum International Engineering Corporation Limited, Building C, No. 99 Xingshikou Road, Haidian District, Beijing at 9:30 a.m. on Tuesday, 18 June 2024
“Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme”	the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited
“Articles” or “Articles of Association”	the articles of association of China Aluminum International Engineering Corporation Limited, as amended, modified or otherwise supplemented from time to time
“Blackout Period”	the period during which the selling of the unlocked Restricted Shares by the Participants is restricted
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the supervisory board of the Company

DEFINITIONS

“Chinalco”	Aluminum Corporation of China Limited (中國鋁業集團有限公司), a wholly state-owned enterprise established in the PRC and the Controlling Shareholder of the Company, holding directly 73.56% of the issued share capital of the Company as at the Latest Practicable Date
“Chinalco Asset Management”	Chinalco Asset Management Co., Ltd. (中鋁資產經營管理有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Chinalco
“Chinalco Capital”	Chinalco Capital Holdings Co., Ltd. (中鋁資本控股有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Chinalco
“Chinalco Finance”	Chinalco Finance Company Limited (中鋁財務有限責任公司), a limited liability company incorporated under the laws of the PRC, which is a subsidiary of Chinalco, the Controlling Shareholder of the Company, as at the Latest Practicable Date
“Circular No. 102”	the Notice on Matters Relating to Further Improving the Work of Equity Incentive in Listed Companies Controlled by Central Enterprises (Guo Zi Fa Kao Fen Gui [2019] No. 102)
“Circular No. 171”	the Notice on Issues concerning Regulating the Implementation of Share Incentive Schemes by State-Controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171)
“Circular No. 175”	the Trial Measures for the (Domestic) Implementation of Equity Incentives in State-Controlled Listed Companies (Guo Zi Fa Fen Pei [2006] No. 175)
“Circular No. 178”	the Guidelines for the Implementation of Equity Incentives of Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178)

DEFINITIONS

“Class Meetings”	A Share Class Meeting and/or H Share Class Meeting of the Company to be held at Conference Room 312 of China Aluminum International Engineering Corporation Limited, Building C, No. 99, Xingshikou Road, Haidian District, Beijing on Tuesday, 18 June 2024 immediately following the AGM
“Codes on Buy-backs”	the Codes on Takeovers, Mergers and Shares Buy-backs
“Company”	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A Shares of which are listed on the SSE while the H Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Credit Lending Services”	the credit lending services provided by Chinalco Finance to the Group under the Financial Services Agreement, including but not limited to the loan services extended to the Group by Chinalco Finance
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Deposit Services”	the deposit services provided by Chinalco Finance to the Group under the New Financial Services Agreement
“Director(s)”	the director(s) of the Company
“Factoring Services”	the factoring services provided by Chinalco Finance to the Group under the New Financial Services Agreement
“Grant Date”	the date on which the Company grants the Restricted Shares to the Participants, which must be a trading day

DEFINITIONS

“Grant Price”	the price of each Restricted Share granted to the Participants by the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign invested Shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“H Share Class Meeting”	the first H Share class meeting of 2024 of the Company to be held at Conference Room 312 of China Aluminum International Engineering Corporation Limited, Building C, No. 99, Xingshikou Road, Haidian District, Beijing on Tuesday, 18 June 2024 immediately following the conclusion of the A Share Class Meeting or any adjournment thereof, whichever is the later
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, the members of which consist of all the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the Deposit Services and relevant proposed caps, the Factoring Services and relevant proposed caps under the New Financial Services Agreement
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of matters relating to the Deposit Services and relevant proposed caps, the Factoring Services and relevant proposed caps under the New Financial Services Agreement

DEFINITIONS

“Independent Shareholder(s)”	the Shareholders other than Chinalco and its associates, who are not required to abstain from voting on the resolution to be proposed at the AGM for approving the Deposit Services and relevant proposed caps, the Factoring Services and relevant proposed caps under the New Financial Services Agreement
“Latest Practicable Date”	14 May 2024, being the latest practicable date prior to the printing of this circular for containing certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Lock-up Period”	the period during which the Restricted Shares granted to the Participants under the Scheme are prohibited from being transferred, used as security or used to repay debts
“Management Measures for the 2023 Restricted Share Incentive Scheme”	the Management Measures for the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited
“Miscellaneous Financial Services”	miscellaneous financial services provided by Chinalco Finance to the Group under the New Financial Services Agreement except for the Deposit Services, Settlement Services, Credit Lending Services and Factoring Services
“New Financial Services Agreement”	the financial services agreement entered into between Chinalco Finance and the Company on 28 March 2024, which is subject to approval by the Independent Shareholders at the AGM
“NFRA”	National Financial Regulatory Administration (formerly known as the China Banking and Insurance Regulatory Commission)
“Notice of H Share Class Meeting”	the notice of the first H Share class meeting of 2024
“Notice of the AGM”	the notice of the 2023 annual general meeting

DEFINITIONS

“Original Financial Services Agreement”	the financial services agreement entered into between Chinalco Finance and the Company on 29 March 2021, pursuant to which Chinalco Finance agreed to provide, and the Company agreed to accept the financial services specified thereunder
“Participant(s)”	the directors, senior management personnels, other managers, core technical (business) backbones of the Company (including branches and controlled subsidiaries) who have been granted Restricted Shares in accordance with the provisions of the Scheme
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC”	the People’s Republic of China
“Restricted Share(s)”	the A Share(s) of the Company to be granted to the Participants by the Company according to the conditions and price stipulated in the Scheme which are subject to the Lock-up Period(s) and can only be unlocked and transferred after satisfaction of the Unlocking Conditions as stipulated in the Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Securities Law”	the Securities Law of the People’s Republic of China
“Settlement Services”	the settlement services provided by Chinalco Finance to the Group free of charge under the New Financial Services Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the shares in the share capital of the Company at par value RMB1.00 per share, including A Shares and H Shares
“Shareholder(s)”	the holders of Shares of the Company
“SSE”	the Shanghai Stock Exchange

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Unlocking Conditions”	the conditions required to be satisfied for the unlocking of the Restricted Shares awarded to a Participant under the Scheme
“Unlocking Date”	the date on which the Restricted Shares held by the Participant are released from restriction of sale upon the fulfilment of the Unlocking Conditions under the Scheme
“Unlocking Period”	the period during which the Restricted Shares held by the Participant may be released from restriction of sale and listed for circulation upon the fulfilment of the Unlocking Conditions under the Scheme
“Validity Period”	the period from the date of completion of registration of the grant of the Restricted Shares to the date when all the Restricted Shares which have been granted to the Participants are unlocked or repurchased and cancelled, which shall not exceed 72 months in any event
“%”	per cent



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)

Non-executive Directors:

Mr. ZHOU Xinzhe
Mr. ZHANG Decheng

Executive Directors:

Mr. LI Yihua
Mr. LIU Jing
Mr. LIU Ruiping
Ms. ZHAO Hongmei

Independent Non-executive Directors:

Mr. GUI Weihua
Mr. SIU Chi Hung
Mr. TONG Pengfang

Registered Office in the PRC:

Building C
No. 99 Xingshikou Road
Haidian District
Beijing
PRC

Head Office in the PRC:

Building C
No. 99 Xingshikou Road
Haidian District
Beijing
PRC

*Principal Place of Business
in Hong Kong:*

Room 4501
Far East Finance Centre
No. 16 Harcourt Road
Admiralty
Hong Kong

To the Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME
PROPOSED ADOPTION OF THE MANAGEMENT MEASURES FOR THE 2023
RESTRICTED SHARE INCENTIVE SCHEME
PROPOSED ADOPTION OF THE APPRAISAL MANAGEMENT MEASURES FOR
THE IMPLEMENTATION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME
PROPOSED AUTHORISATION TO THE BOARD TO HANDLE THE MATTERS
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THE ISSUANCE OF THE ONSHORE AND
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BOARD OF DIRECTORS' WORK REPORT FOR 2023
BOARD OF SUPERVISORS' WORK REPORT FOR 2023
FINANCIAL REPORT FOR 2023
PROFITS DISTRIBUTION PLAN FOR 2023**

LETTER FROM THE BOARD

**CAPITAL EXPENDITURE PLAN FOR 2024
PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS,
SUPERVISORS AND SENIOR MANAGEMENT
REMUNERATION STANDARDS OF DIRECTORS AND SUPERVISORS FOR 2024
RENEWAL OF APPOINTMENT OF ACCOUNTING FIRM
RENEWAL OF FINANCIAL SERVICES AGREEMENT
ELECTION OF NON-INDEPENDENT DIRECTORS OF THE FOURTH SESSION OF
THE BOARD OF THE COMPANY
ELECTION OF AN INDEPENDENT DIRECTOR OF THE FOURTH SESSION OF
THE BOARD OF THE COMPANY
NOTICE OF THE 2023 ANNUAL GENERAL MEETING
AND
NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2024**

I. INTRODUCTION

The purpose of this circular is to provide you with relevant information for making informed decisions to vote for or against the ordinary and special resolutions regarding the following matters to be proposed at the AGM and/or the Class Meetings:

SPECIAL RESOLUTIONS

1. To consider and approve the resolution on the 2023 Restricted Share Incentive Scheme (Revised Draft) of China Aluminum International Engineering Corporation Limited and the summary thereof;
2. To consider and approve the resolution on the Management Measures for the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited;
3. To consider and approve the resolution on the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited;
4. To consider and approve the resolution on the proposal for the AGM and the Class Meetings to authorise the Board to handle the matters relating to the 2023 Restricted Share Incentive Scheme; and
5. To consider and approve the Resolution of the Company on the issuance of the Onshore and Offshore Debt Financing Instruments.

ORDINARY RESOLUTIONS

6. To consider and approve the Resolution of the Company on the Board of Directors' work report for 2023;
7. To consider and approve the Resolution of the Company on the Board of Supervisors' work report for 2023;

LETTER FROM THE BOARD

8. To consider and approve the Resolution of the Company on the financial report for 2023;
9. To consider and approve the Resolution of the Company on the profits distribution plan for 2023;
10. To consider and approve the Resolution of the Company on the capital expenditure plan for 2024;
11. To consider and approve the Resolution of the Company on the purchase of liability insurance for Directors, Supervisors and senior management;
12. To consider and approve the Resolution of the Company on the remuneration standards of Directors and Supervisors for 2024;
13. To consider and approve the Resolution of the Company on the renewal of appointment of the accounting firm;
14. To consider and approve the Resolution of the Company on the renewal of financial services agreement;

ORDINARY RESOLUTIONS (BY CUMULATIVE VOTING METHOD)

15. To consider and approve the Resolution on the election of the Fourth session of non-independent Directors of the Company; and
 - (1) To consider and approve the election of Mr. LIU Dongjun as an executive Director of the fourth session of the Board of the Company;
 - (2) To consider and approve the election of Mr. YANG Xu as a non-executive Director of the fourth session of the Board of the Company;
16. To consider and approve the Resolution on the election of the Fourth session of independent Director of the Company;
 - (1) To consider and approve the election of Mr. ZHANG Tingan as an independent non-executive Director of the fourth session of the Board of the Company.

SPECIAL RESOLUTIONS

RELEVANT RESOLUTIONS ON THE PROPOSED ADOPTION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME

I. PROPOSED ADOPTION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME

Reference is made to the announcement of the Company dated 8 December 2023 and 18 April 2024 in relation to the proposed adoption of the 2023 Restricted Share Incentive Scheme and the amendments to the 2023 Restricted Share Incentive Scheme, respectively.

A summary of the principal terms of the 2023 Restricted Share Incentive Scheme is set out below. For the full text, please refer to Appendix I to this circular. A resolution will

LETTER FROM THE BOARD

be proposed at the AGM and the Class Meetings to consider and, if thought fit, approve the adoption of the 2023 Restricted Share Incentive Scheme.

1. PURPOSE OF THE SCHEME

In order to further refine the corporate governance structure of the Company, improve the soundness of mid-and-long term incentive and restraint mechanism of the Company, realize the incentive and restraint on senior and middle management and core backbone personnel of the Company to integrate their interests more closely with the long-term development of the Company, achieve mutual risk-taking and interest-sharing, fully mobilize their enthusiasm and creativity to form a long-term behavior of decision-makers and business operators, and improve the internal motivation force of the growth of the Company as well as cohesion and competitiveness of the Company to promote the sustainable and high quality development of the Company and realize the maximization of the value of the Company and the Shareholders, the Scheme is formulated on the basis of adequately safeguarding Shareholders' interests, in accordance with the principle of equalization of benefits and contributions and in accordance with the provisions of the relevant laws, regulations and prescriptive documents such as the Company Law, the Securities Law, the Management Measures, Circular No. 175, Circular No. 171, Circular No. 102, Circular No. 178 and the Hong Kong Listing Rules, as well as those of the Articles of Association.

The implementation of the Scheme by the Company is a key measure to realize the important spirit of the CPC Central Committee, the State Council and the SASAC on deepening the reform of the system and mechanism of the state-owned enterprises, and continuously promoting the construction of medium and long-term incentive mechanism of the state-owned enterprises. Through the implementation of the Scheme and the commitment of the employees to the performance targets, a profit-sharing and binding mechanism among the Shareholders, the Company and the employees will be established, which will bring sustainable returns to the shareholders and enhance the value of the state-owned assets, and at the same time help to increase the confidence of investors in the Company's performance and market value, which will be conducive to the establishment of a positive corporate image and the enhancement of the Company's influence and recognition in the secondary market.

2. SOURCE OF UNDERLYING SHARES

The Scheme has adopted Restricted Shares as the vehicle of incentive, where the source of the underlying shares shall be ordinary A Shares of the Company to be issued to the Participants by the Company.

3. IMPLEMENTATION DATE OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME

The implementation of the 2023 Restricted Share Incentive Scheme is subject to (among other things) the approval by the Board and the competent state-owned asset management authority before it could be considered and approved at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) convened by the Company.

As at the Latest Practicable Date, the 2023 Restricted Share Incentive Scheme has obtained the necessary approvals from the competent state-owned asset management authority. For details, please refer to the announcement of the Company dated 18 April 2024.

4. BASIS FOR DETERMINING AND SCOPE OF THE PARTICIPANTS

(I) Basis for determining the Participants

1. *Legal basis for determining the Participants*

The Participants of the Scheme are determined in accordance with the relevant requirements of the Company Law, the Securities Law, the Management Measures, Circular No. 175, Circular No. 171, Circular No. 102, Circular No. 178, along with other relevant laws, regulations, prescriptive documents and the Articles of Association, in combination with the actual circumstances of the Company.

2. *Position basis of the Participants*

Participants of the Scheme shall be Directors, senior management personnel, other management personnel and core technical (business) backbone personnel of the Company (including branches and controlled subsidiaries).

(II) Scope of Participants

The first grant under the Scheme will be offered to no more than 242 Participants, including, specifically: (1) Directors and senior management personnel of the Company; (2) other management personnel of the Company; and (3) core technical (business) backbone personnel of the Company.

Of the above Participants, Directors must have been elected at a shareholders' general meeting, and senior management personnel must have been engaged by the Board. All Participants must have labour or employment relationships with the Company or a subsidiary of the Company. The scope of Participants of the Scheme does not include persons-in-charge of central state-owned enterprises under the administration of the Party Committee of the SASAC, as well as independent Directors, external Directors, Supervisors and Shareholders holding more than 5% of the shares, either individually or in aggregate, or de facto controllers of the Company and their spouses, parents and children. Participants shall not participate in the share incentive schemes of two or more listed companies at the same time. Any grant of any benefits under the Scheme to a Director, general manager or substantial shareholder of the Company or their respective associates must be approved by the independent Directors of the Company in the first place.

The following persons shall not become a Participant of the Scheme:

- (1) has been determined as an inappropriate candidate by a stock exchange in the last 12 months;
- (2) has been determined as an inappropriate candidate by CSRC or any of its dispatched agencies in the last 12 months;

LETTER FROM THE BOARD

- (3) being subjected to administrative penalties or market entry prohibition measures imposed by CSRC or any of its dispatched agencies due to significant breach of laws and regulations in the last 12 months;
- (4) those who are prohibited from serving as directors or senior management personnel of a company as stipulated in the Company Law;
- (5) being prohibited to participate in share incentive schemes of a listed company by laws and regulations;
- (6) falls under any other circumstances as determined by CSRC.

Participants under the reserved grant will be determined within 12 months after the Scheme has been considered and approved by the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable). Following the proposal by the Board, the issuance of clear opinions by the independent Directors and the Board of Supervisors as well as the issuance of professional opinions and written legal opinions by a lawyer, the Company shall promptly and accurately disclose the relevant information of Participants of the current grant on the designated website pursuant to the relevant requirements. The reserved interests shall lapse if the Participants under the reserved grant are not determined after 12 months from the aforesaid date. The basis for determining the reserved Participants is determined with reference to the basis for the first grant, and the interests of the reserved grant will not be re-granted to Participants who have received the first grant.

(III) List of certain connected persons under the first grant

The Participants under the proposed first grant of the 2023 Restricted Share Incentive Scheme consist of connected persons of the Company recognised under the relevant provisions of the Hong Kong Listing Rules, the specific list of which is as follows:

Name	Reasons for being a connected person	Number of Restricted Shares to be granted (0'000 shares)	Percentage of the total number of Restricted Shares under the first grant (%)	Percentage of the total number of Restricted Shares to be granted (%)	Percentage of the total share capital of the Company as at the Latest Practicable Date (%)
Li Yihua	Chairman and executive director of the Company	26.74	0.97%	0.91%	0.0090%
Liu Jing	Executive director and general manager of the Company	26.74	0.97%	0.91%	0.0090%
Liu Ruiping	Executive director and deputy general manager of the Company	22.73	0.83%	0.77%	0.0077%
Liu Dongjun	Proposed executive Director of the Company	20.06	0.73%	0.68%	0.0068%

LETTER FROM THE BOARD

Name	Reasons for being a connected person	Number of Restricted Shares to be granted (0'000 shares)	Percentage of the total number of Restricted Shares under the first grant (%)	Percentage of the total number of Restricted Shares to be granted (%)	Percentage of the total share capital of the Company as at the Latest Practicable Date (%)
Zhao Hongmei	Executive director and Chief Financial Officer	20.06	0.73%	0.68%	0.0068%
Tan Ronghe	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Yang Kai	Director of subsidiary of the Company	13.29	0.48%	0.45%	0.0045%
Liu He	Director of subsidiary of the Company	16.21	0.59%	0.55%	0.0055%
Kang Guohua	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Chai Wei	Director and general manager of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Ma Jianmin	Supervisor of subsidiary of the Company	16.21	0.59%	0.55%	0.0055%
Wang Xiaobo	Director of subsidiary of the Company	13.51	0.49%	0.46%	0.0046%
Nie Yudong	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Yang Biao	Director and general manager of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Bai Jie	Supervisor of subsidiary of the Company	16.07	0.58%	0.54%	0.0054%
Mu Xiaodong	Supervisor of subsidiary of the Company	16.21	0.59%	0.55%	0.0055%
Huang Guobao	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%

LETTER FROM THE BOARD

Name	Reasons for being a connected person	Number of Restricted Shares to be granted (0'000 shares)	Percentage of the total number of Restricted Shares under the first grant (%)	Percentage of the total number of Restricted Shares to be granted (%)	Percentage of the total share capital of the Company as at the Latest Practicable Date (%)
Liu Zhibing	Director and general manager of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Li Xingze	Director of subsidiary of the Company	16.21	0.59%	0.55%	0.0055%
Liu Jianjun	Director of subsidiary of the Company	13.51	0.49%	0.46%	0.0046%
Zhou Yongkang	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Zou Guofu	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Xiao Weiqing	Director of subsidiary of the Company	13.29	0.48%	0.45%	0.0045%
Han Ziyang	Director of subsidiary of the Company	13.51	0.49%	0.46%	0.0046%
Total		431.46	15.69%	14.62%	0.1458%

LETTER FROM THE BOARD

(IV) Allocation of the Restricted Shares granted to the Participants

The allocation of the Restricted Shares granted under the 2023 Restricted Share Incentive Scheme among the various Participants is set out in the table below:

No.	Name	Position	Restricted Shares to be Granted (0'000 shares)	Percentage of the total number of Restricted Shares granted (%)	Percentage of the total share capital of the Company as at the Latest Practicable Date (%)
1	Li Yihua	Chairman, executive Director	26.74	0.91%	0.01%
2	Liu Jing	Executive Director, general manager	26.74	0.91%	0.01%
3	Liu Ruiping	Executive Director, deputy general manager	22.73	0.77%	0.01%
4	Liu Dongjun	Proposed executive Director	20.06	0.68%	0.01%
5	Bi Xiaoge	Deputy general manager	20.06	0.68%	0.01%
6	Zhao Hongmei	Executive Director, financial controller	20.06	0.68%	0.01%
7	Zhou Dongfang	Deputy general manager	20.06	0.68%	0.01%
8	Tao Fulun	Secretary to the Board	20.06	0.68%	0.01%
9	Bai Jie	General counsel	16.07	0.54%	0.01%
10	Other management personnel and core technical (business) backbone personnel (not exceeding 233 persons)		2,558.03	86.69%	0.86%
Total first grant			2,750.61	93.22%	0.93%
Reserved grant part			200	6.78%	0.07%
Total			2,950.61	100.00%	0.997%

LETTER FROM THE BOARD

Notes:

- (1) On 28 March 2024, the Company convened the 19th meeting of the fourth session of the Board, at which the Resolution on the Nomination of Candidates for Executive Directors of the Fourth Session of the Board of the Company was considered and approved. Mr. LIU Dongjun was nominated as a candidate for executive director of the fourth session of the Board of the Company. His term of office shall commence from the date of passing of the election at the general meeting of the Company on his appointment to the date of expiration of the term of office of the fourth session of the Board. The candidates for executive directors to be nominated are subject to the election procedures to be proposed at the general meeting of the Company.
- (2) The Participants of the Scheme have not participated in share incentive scheme(s) of two or more listed companies and none of the Participants is a substantial Shareholder holding more than 5% of the shares of the Company or a de facto controller and their respective spouse, parents or children.
- (3) The above figures shown as totals may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.
- (4) The value of the interests granted to the Directors and senior management members shall be determined at the level of no more than 40% of the total remuneration (including the value of interests granted) at the time of grant.

5. NUMBER OF SHARES GRANTED

The number of Restricted Shares proposed to be granted under the Scheme shall not exceed 29,506,100 shares in total, representing approximately 0.997% of the total share capital of the Company (i.e. 2,959,066,700 shares) as at the date of the Latest Practicable Date, among which 27,506,100 shares will be granted under the first grant, representing 93.22% of the total interests under this grant and approximately 0.93% of the total share capital of the Company as at the date of the Latest Practicable Date (i.e. 2,959,066,700 shares); and 2,000,000 shares would become the reserved grant, representing 6.78% of the total interests under this grant and approximately 0.07% of the total share capital of the Company as at the date of the Latest Practicable Date (i.e. 2,959,066,700 shares).

The total number of the underlying shares under share incentive scheme(s) throughout the Validity Period of the Company does not exceed 10% of the total issued share capital of the Company. The cumulative number of restricted shares granted to any individual Participant under the Scheme through all share incentive schemes within the Validity Period will not exceed 1% of the total issued share capital of the Company, nor would it exceed 1% of the total number of ordinary A Shares. As for the Directors and general managers of the Company and its subsidiaries and the supervisors of the subsidiaries who are Participants, and any associates of the foregoing, the ordinary A Shares of the Company issued and to be issued in respect of the interests granted to such persons through all share incentive schemes in force do not exceed, in aggregate, 0.1% of the total number of ordinary A Shares of the Company in issue during the 12 months ending on the date on which such persons receive the grant.

6. GRANT PRICE AND BASIS FOR DETERMINING THE GRANT PRICE

(I) The Grant Price under the first grant

The Grant Price of the Restricted Shares under the first grant shall be RMB2.37 per Share, which means that upon fulfilment of the grant conditions, each Participant is entitled to purchase the ordinary A Shares of the Company issued to the Participants by the Company at the price of RMB2.37 per Share. The Company will sign the grant agreement with the Participants to fix the period for the Participants to pay the Share purchase price.

(II) Basis for determining the Grant Price under the first grant

The pricing benchmark date of the Grant Price of the Restricted Shares under the first grant is the date of publication of the draft of the Scheme. The Grant Price shall not be less than the nominal value of the Shares and shall not be less than the higher of the following prices:

- (1) 50% of the average trading price of the Company's Shares on the trading day prior to the announcement of the Scheme, which is RMB2.35 per Share;
- (2) 50% of the average trading price of the Company's Shares for 20 trading days prior to the announcement of the Scheme, which is RMB2.37 per Share.

(III) Basis for determining the Grant Price of the reserved Restricted Shares

Prior to each grant of the reserved Restricted Shares, a Board meeting shall be convened to consider and approve the relevant proposal and the circumstance of the grant shall be disclosed. The Grant Price shall not be less than the nominal value of the Shares and shall not be less than the higher of the following prices:

- (1) 50% of the average trading price of the Shares of the Company on the trading day preceding the date of the announcement of the Board resolution on the reserved grant of the Restricted Shares;
- (2) 50% of the average trading price of the Company's Shares for 20 trading days, 60 trading days or 120 trading days preceding the date of the announcement of the Board resolution on the reserved grant of the Restricted Shares.

7. VALIDITY PERIOD, GRANT DATE, LOCK-UP PERIOD, UNLOCKING ARRANGEMENT AND BLACKOUT PERIOD

(I) Validity Period

The Validity Period of the Scheme shall commence from the date of completion of registration of the first grant of the Restricted Shares to the date when all the Restricted Shares which have been granted to the Participants are unlocked or repurchased, and shall not exceed 72 months in any event.

(II) Grant Date

The Grant Date must be a trading day, and the Grant Date shall be determined by the Board after the Scheme has been submitted to the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) for consideration and approval. Within 60 days from the date of consideration and approval of the Scheme at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) and the fulfillment of the conditions for the grant, the Company will convene a Board meeting to make the grant to the Participants in accordance with the relevant regulations and complete the relevant procedures such as registration and announcement. If the Company fails to complete the above works within 60 days, the implementation of the Scheme shall terminate and the Restricted Shares not yet granted will lapse. The reserved part shall be granted within 12 months after the Scheme has been considered and approved by the Shareholders at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable).

The Company shall not grant Restricted Shares to Participants during the following periods:

1. Restricted Shares may not be granted after the Company becomes aware of inside information until (and including) the trading day after it has announced the information; in particular, Restricted Shares may not be granted within one month prior to the earlier of:
 - (i) the date of the Board meeting (being the date of the Board meeting first notified to the Stock Exchange under the Hong Kong Listing Rules) for approving the Company's results for any year, half-year, quarter or any other interim period (whether or not required by the Hong Kong Listing Rules); and

LETTER FROM THE BOARD

- (ii) the deadline for the Company to announce its results for any year or half-year pursuant to the Hong Kong Listing Rules, or the deadline to announce its results for any quarter or any other interim period (whether or not required by the Hong Kong Listing Rules). Such restrictions end on the date of the announcement of the results. No Restricted Shares may be granted by the Company during any period of delay in publishing the results announcement;
- 2. the period of within 10 days prior to the publication of the announcements of estimated results and preliminary results of the Company;
- 3. the period commencing from the date of occurrence of a material event which may have a substantial impact on the trading prices of the Shares and derivatives of the Shares of the Company, or the period commencing from the date of entering into the decision-making procedures to the day of making the relevant disclosure is made in accordance with the laws;
- 4. other periods as stipulated by the CSRC, SSE and the Stock Exchange.

The aforementioned period during which the Company may not grant the Restricted Shares shall not be included in the 60-day period.

Where a Participant who is a Director or a member of the senior management of the Company reduces his/her shareholding in the Company within 6 months prior to the grant of the Restricted Shares, the grant of the Restricted Shares shall be deferred for 6 months from the date of the latest of such shareholding reduction in accordance with the short-term trading requirements under the Securities Law. The aforementioned postponement shall not be included in the 60-day period.

The above-mentioned Shares held by Directors and senior management personnel shall include shares held by their spouses, parents, children and shares held through the utilisation of other people's accounts or other securities of an equity nature.

(III) Lock-up Period

The Restricted Shares granted under the Scheme will be unlocked in three batches, with each batch being subject to a Lock-up Period of 24 months, 36 months and 48 months respectively from the date of registration of the corresponding grant. During the Lock-up Period, the Restricted Shares granted to the Participants under the Scheme are restricted from sale, and cannot be transferred, used as security or for repaying debts. The Shares acquired by the Participants as a result of the capitalization of capital reserve, payment of share dividends and sub-division of shares as a result of the grant of Restricted Shares which have not been released from restriction are also subject to lock-up in accordance with the Scheme. After the release of the lock-up restriction, the Company will unlock the Restricted Shares for those Participants who satisfy the Unlocking Conditions, and the Restricted Shares held by those Participants who do not satisfy the Unlocking Conditions will be repurchased by the Company.

LETTER FROM THE BOARD

(IV) Unlocking arrangement

The unlocking schedule arrangements of the Restricted Shares under the first grant and the reserved grant of the Scheme are set out below:

Unlocking arrangement	Unlocking schedule	Proportion of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration of the grant to the last trading day upon the expiry of 36 months from the date of completion of registration of the grant	40%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration of the grant to the last trading day upon the expiry of 48 months from the date of completion of registration of the grant	30%
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration of the grant to the last trading day upon the expiry of 60 months from the date of completion of registration of the grant	30%

(V) Blackout Period

The Blackout Period shall refer to the period of time during which the Participants are restricted from selling the Shares obtained after the unlocking of the sales restrictions. The blackout arrangement under the Scheme shall be implemented in accordance with the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents as well as the requirements of the Articles of Association. Specific provisions are as follows:

- (1) Where the Participants are Directors and senior management personnel of the Company, they must not transfer more than 25% of the total number of Shares of the Company held during their tenure; and no transfer of such Shares of the Company held by them is allowed within six months after their resignation from office; those who vacate their office before the expiration of their term shall not transfer the Company's Shares they hold during the term determined when they take office and within six months after the expiration of their term.

LETTER FROM THE BOARD

- (2) Upon the unlocking of the last batch of Restricted Shares under the Scheme, 20% of the total number of Restricted Shares granted to Participants holding the positions of Directors and senior management of the Company shall continue to be locked up until the expiry of their term (or tenure) of office, and the unlocking of such Restricted Shares shall be determined in accordance with the results of their appraisal of the tenure of office or the audit of the economic responsibility in their capacity as Directors and senior management personnel. If the term of office of a Director or senior management personnel as a Participant has not expired upon conclusion of the Validity Period of the Scheme, the assessment results corresponding to the year in which the Validity Period of the Scheme concludes will be used as the Unlocking Conditions, and the unlocking will be completed within the Validity Period.
- (3) Where the Participants are Directors and senior management personnel of the Company and he/she disposes of any shareholding of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall belong to the Company and the Board will recover their gains.

Shares held by the above-mentioned Directors and senior management, including shares or other securities of equity nature held by their spouse, parents, children in their own name and under others' account.

- (4) If, during the Validity Period of the Scheme, there is any amendment to the requirements regarding the transfer of Shares by Directors and members of the senior management of the Company under the Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, such amended requirements thereunder shall apply to the Shares of the Company that are transferred by the Participants during the relevant times.

8. CONDITIONS OF GRANT OF RESTRICTED SHARES AND UNLOCKING CONDITIONS

(I) Conditions of grant of Restricted Shares

A grant of Restricted Shares to the Participants may only be made by the Company if all following conditions are met at the same time, on the contrary, if any one of the following conditions is not met, Restricted Shares shall not be granted to the Participants:

- (1) There is no occurrence of any of the following events on the part of the Company:
 - (i) failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 - (ii) the state-owned assets supervision and administration authority, the Board of Supervisors or the audit department has raised major objections to the Company's results or annual financial report;

LETTER FROM THE BOARD

- (iii) being subject to penalties imposed by securities regulatory authorities and other relevant authorities for material non-compliance;
 - (iv) the financial accounting report or the internal control evaluation report for the latest accounting year has been issued with a negative opinion or an audit report with no opinion by the certified public accountants;
 - (v) any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 - (vi) where the laws and regulations prohibit the implementation of share incentives;
 - (vii) other circumstances as determined by the CSRC.
- (2) The Company has satisfied the following conditions:
- (i) The governance of the Company is duly regulated, and the organization of the shareholders' general meeting, the Board, the Board of Supervisors, and the management is sound with clear responsibilities. The system for electing and replacing Directors at shareholders' general meetings is sound, and the Board has sufficient power to select, appraise, and motivate senior management;
 - (ii) External Directors (including independent Directors) shall account for more than one-half of the number of Directors on the Board. The Remuneration Committee is composed entirely of external Directors, and the system of the Remuneration Committee is sound, with comprehensive rules of procedure and under regulated operation;
 - (iii) The basic management system is standardized, the internal control system is sound, and the three-system reform is put into effect. A system for the labor and employment, performance appraisal, and salary and welfare is established, which meets the requirements of market competition and in which the management can get promotion or demotion, employees can be employed or dismissed, and revenue can be increased or decreased;
 - (iv) The development strategies are clear, asset quality and financial conditions are sound, and operating results are stable. There is not any non-compliance act relating to financial accounting, revenue distribution, and remuneration management during the latest three years;

LETTER FROM THE BOARD

- (v) The mechanisms of economic responsibility audit, information disclosure, deferred payment, and recourse and deduction, which are symmetrical to the incentive mechanism, are established and improved;
 - (vi) Other conditions required by the securities regulatory authorities.
- (3) There is no occurrence of any of the following events on the part of the Participants:
- (i) the results of financial responsibility audit, etc. indicate that there is failure to perform duties effectively or serious dereliction of duty or malpractice;
 - (ii) the result of the Party building assessment evaluation of the Participant is “unqualified”;
 - (iii) any violation of the relevant national laws and regulations and the Articles of Association;
 - (iv) during his/her service, he/she has committed any illegal and disciplinary acts such as accepting and soliciting bribes, committing corruption and theft, disclosing the Company’s commercial and technical secrets, implementing connected transactions that damage the interests and reputation of the Company and have significant adverse impact on the image of the Company, and has been punished;
 - (v) failure to perform or improperly perform his/her duties, resulting in a material loss of assets and other serious adverse consequences to the Company;
 - (vi) having been determined as an inappropriate candidate by the stock exchange in the last 12 months;
 - (vii) having been determined as an inappropriate candidate by CSRC or any of its dispatched agencies in the last 12 months;
 - (viii) being subjected to administrative penalties or market entry prohibition measures imposed by CSRC or any of its dispatched agencies due to significant breach of laws and regulations in the last 12 months;
 - (ix) being prohibited from serving as directors or senior management personnel of a company as stipulated in the Company Law;
 - (x) being prohibited to participate in share incentive schemes of a company by laws and regulations;
 - (xi) other circumstances as determined by the CSRC.

LETTER FROM THE BOARD

- (4) Individual assessment of the Participant meets the standard, i.e., the following condition is met: in the accounting year preceding the date of the Scheme, the Participant has achieved a score of 70 or above in the assessment result rating in accordance with the Company's performance assessment related measures.

If the Company fails to meet the grant conditions, the Company shall not grant any Restricted Share pursuant to this plan for the current period; if the Participant fails to meet the grant conditions, the Company shall not grant any Restricted Share to such Participant pursuant to this plan for the current period.

(II) Unlocking Conditions for the Restricted Shares

During the Unlocking Period, Restricted Shares granted to the Participants can only be unlocked if the following conditions are met at the same time:

- (1) There is no occurrence of any of the following events on the part of the Company:
 - (i) the financial accounting report for the latest accounting year has been issued with a negative opinion or an audit report with no opinion by the certified public accountants;
 - (ii) the internal control over financial reporting for the latest accounting year has been issued with a negative opinion or an audit report with no opinion by the certified public accountants;
 - (iii) any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 - (iv) where the laws and regulations prohibit the implementation of share incentives;
 - (v) other circumstances as determined by the CSRC.
- (2) There is no occurrence of any of the following events on the part of the Participants:
 - (i) having been determined as an inappropriate candidate by the stock exchange in the last 12 months;
 - (ii) having been determined as an inappropriate candidate by CSRC or any of its dispatched agencies in the last 12 months;

LETTER FROM THE BOARD

- (iii) being subjected to administrative penalties or market entry prohibition measures imposed by CSRC or any of its dispatched agencies due to significant breach of laws and regulations in the last 12 months;
- (iv) being prohibited from serving as directors or senior management personnel of a company as stipulated in the Company Law;
- (v) being prohibited to participate in share incentive schemes of a listed company by laws and regulations;
- (vi) other circumstances as determined by the CSRC.

In the event that one of the events set forth in Article (1) above occurs on the part of the Company, all Restricted Shares granted to the Participant under the Scheme but not yet released from restriction shall be repurchased by the Company in accordance with the provisions; in the event that one of the events set forth in Article (2) above occurs on the part of the Participant, the Restricted Shares granted to such Participant under the Scheme but not yet released from restriction shall be repurchased by the Company in accordance with the provisions.

(III) Performance appraisal requirements at the Company's level

The Restricted Shares granted under the Scheme will be subject to performance appraisal on an annual basis over the three appraisal accounting years (2024-2026) of the Unlocking Period, with the achievement of the performance appraisal targets as the condition for the release of the Restricted Shares for the Participants.

- (1) Performance appraisal targets for the unlocking of the Restricted Shares granted under the first grant and reserved grant of the Scheme are set out in the table below:

Unlocking Period	Performance appraisal targets
First Unlocking Period	(1) Cash return on net assets (EOE) for 2024 shall not be less than 13.76% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies;
	(2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2024 shall not be less than 24.72% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies;
	(3) Economic value added increment (Δ EVA) for 2024 shall be greater than 0.

LETTER FROM THE BOARD

Unlocking Period	Performance appraisal targets
Second Unlocking Period	(1) Cash return on net assets (EOE) for 2025 shall not be less than 14.52% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2025 shall not be less than 26.18% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value added increment (ΔEVA) for 2025 shall be greater than 0.
Third Unlocking Period	(1) Cash return on net assets (EOE) for 2026 shall not be less than 15.18% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2026 shall not be less than 26.27% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value added increment (ΔEVA) for 2026 shall be greater than 0.

Notes:

- (1) EOE = EBITDA/average net assets, where EBITDA is earnings before interest, taxes, depreciation, and amortization; average net assets is the arithmetic average of the sum of the Company's owners' equity at the beginning and end of the period.
- (2) If the major asset restructuring as determined by a superior authority or such strategic measures as debt-to-equity, increase in capital and shares, rights issue, issuance of preferred shares and perpetual bonds implemented by the Company in response to the call of national policies related to deleveraging and debt reduction may affect the relevant performance indicators and force majeure events encountered by the Company have significant influence on operating results, resulting in incomparability of relevant performance indicators, the Board is authorized to restore the actual value of the relevant performance indicators.

LETTER FROM THE BOARD

(2) Selection of benchmark enterprises for unlocking;

The Company selected 23 listed companies with comparable scale with the Company in the category of “Construction – Civil Engineering Construction” of the CSRC as the benchmark companies, and the list of the benchmark companies is as follows:

Stock code	Stock abbreviation	Stock code	Stock abbreviation
601618.SH	MCC	002941.SZ	Xinjiang Communications Construction
000498.SZ	Shandong Road & bridge	002628.SZ	Chengdu Road & Bridge
600970.SH	Sinoma International	002542.SZ	China Zhonghua Geotechnical
600502.SH	Anhui Construction Engineering	600853.SH	Longjian Road & Bridge
002051.SZ	China CAMC	603815.SH	Anhui Gourgen Traffic Construction
000065.SZ	Norinco International	002116.SZ	China Haisum
000928.SZ	Sinosteel	603843.SH	Zhengping Road & bridge
601789.SH	Ningbo Construction	605598.SH	Shanghai Geoharbour
002062.SZ	Hongrun Construction	003001.SZ	Zhongyan Technology
002060.SZ	Guangdong Hydropower	600463.SH	Beijing Airport
002140.SZ	East China Science and Technology	603176.SH	Huitong Construction Group
002307.SZ	Beixin Road & Bridge		

Note: If there are significant changes in the principal business or extreme values with significant deviation in the same industry or the benchmarking enterprises samples during the annual appraisal, the Board will remove or replace the samples in the year-end appraisal.

LETTER FROM THE BOARD

(IV) Performance appraisal requirements at the individual level

The individual appraisal of the Participants shall be conducted annually in accordance with the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司2023年限制性股票激勵計劃實施考核管理辦法》) and the appraisal results (S) are divided into three levels. The percentage of unlocking of the Restricted Shares for the year shall be determined in accordance with individuals' performance evaluation results. The individuals' actual unlocking limit for the current year = standard coefficient × limit planned to be unlocked by individuals in the current year. Special circumstances in the appraisal of the individual shall be decided by the Board. Details are as follows:

Appraisal results (S)	$S \geq 80$	$80 > S \geq 70$	$S < 70$
Standard coefficient	1.0	0.9	0

All or part of the Restricted Shares of the Participant that have not been unlocked for the current period due to performance appraisal at the Company level or performance appraisal at the individual level shall not be unlocked or deferred to the next period to unlock, and shall be repurchased by the Company at the lower of the Grant Price and the market price at the time of repurchase. The "market price at the time of repurchase" means the closing price of the Company's shares on the trading day preceding the date of consideration by the Board for the repurchase of the Restricted Shares of that Participant.

9. METHODS AND PROCEDURES OF ADJUSTING THE RESTRICTED SHARES

(I) Methods of adjusting the number of Restricted Shares

During the period from the date of the Scheme to the completion of registration of the Restricted Shares held by the Participants, in the event of any capitalization issue, bonus issue, sub-division of shares, rights issue, consolidation of shares, etc. made by the Company, the number of Restricted Shares shall be adjusted accordingly. The adjustment methods are as follows:

(1) Capitalization issue, bonus issue, sub-division of shares

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio per share resulting from capitalization issue, bonus issue and sub-division of shares (i.e. the increase in number of shares upon capitalization issue, bonus issue and sub-division of shares); Q represents the adjusted number of the Restricted Shares.

LETTER FROM THE BOARD

(2) *Rights issue*

$$Q = Q_0 \times P_1 \times (1 + n) / (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; P_1 represents the closing price as at the share registration date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of the Restricted Shares.

(3) *Share consolidation*

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one share of the Company to be consolidated into n shares); Q represents the adjusted number of the Restricted Shares.

(4) *Dividend distribution, additional issue*

Under the circumstance of dividend distribution or additional issue of new Shares by the Company, no adjustment will be made to the number of the Restricted Shares.

(II) **Method of adjusting the Grant Price of the Restricted Shares**

In the event of any capitalization issue, bonus issue, sub-division of shares, rights issue, share consolidation or dividend distribution etc. made by the Company during the period from the date of the Scheme to the completion of registration of the Restricted Shares held by the Participants, the Grant Price of the Restricted Shares shall be adjusted accordingly. The adjustment methods are as follows:

(1) *Capitalization issue, bonus issue, sub-division of shares*

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio per share resulting from capitalization issue, bonus issue or sub-division of shares; P represents the Grant Price after the adjustment.

LETTER FROM THE BOARD

(2) *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) / [P_1 \times (1 + n)]$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the share registration date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares to be issued under the rights issue to the Company's total share capital before the rights issue); P represents the Grant Price after the adjustment.

(3) *Share consolidation*

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the share consolidation ratio (i.e. one share to be consolidated into n shares); P represents the Grant Price after the adjustment.

(4) *Dividend distribution*

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per Share; P represents the Grant Price after the adjustment. P shall be greater than 1 after the adjustment for dividend distribution.

(5) *Additional issue*

Under the circumstance of additional issue of new Shares by the Company, no adjustment will be made to the Grant Price of the Restricted Shares.

(III) Adjustment procedures of the 2023 Restricted Share Incentive Scheme

- (1) The shareholders' general meeting of the Company authorizes the Board the right to adjust the number of Restricted Shares or the Grant Price according to the above reasons. The Board shall make an announcement and notify the Participants in a timely manner after adjusting the number of Restricted Shares or the Grant Price in accordance with the above requirements.

LETTER FROM THE BOARD

- (2) If there is a need to adjust the number of Restricted Shares, the Grant Price or other terms for other reasons, it should be put forward to the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) again for consideration and approval after being considered by the Board.
- (3) The lawyers engaged by the Company shall issue professional opinion to the Board as to whether the above adjustment is in compliance with the requirements of relevant documents of the CSRC or relevant regulatory departments, the Articles of Association and the provisions of the Scheme.

10. PROCEDURES OF IMPLEMENTATION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME

(I) Procedures for the 2023 Restricted Share Incentive Scheme to take effect

- (1) The Remuneration Committee of the Board is responsible for preparing the proposal of the 2023 Restricted Share Incentive Scheme and submitting it to the Board for consideration and approval; the Board shall resolve on the Scheme in accordance with the laws. When the Board considers the Scheme, any Director who is also a Participant or is a related party to a Participant shall abstain from voting.
- (2) The independent Directors and the Board of Supervisors shall issue opinions in respect of whether the Scheme is beneficial to the sustainable development of the Company or whether there is any considerable damage to the interests of the Company and the Shareholders as a whole. A legal opinion on the Scheme shall be issued by the legal adviser engaged by the Company and it shall be announced at the same time as the proposal of the Scheme. The Company will engage an independent financial advisor to give its professional opinion on the feasibility of the Scheme, whether it is beneficial to the sustainable development of the Company, whether there is any damage to the interests of the Company and the impact on the interests of the Shareholders.
- (3) The Scheme shall be submitted to the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) for consideration and implementation upon the consideration and approval of the Board and following the announcement procedures, and with approval of the competent state-owned assets supervision authorities. In the meantime, the shareholders' general meeting will be requested to authorize the Board to implement the grant, unlocking and repurchase of Restricted Shares.

LETTER FROM THE BOARD

- (4) The Company shall internally publish the list of the Participants through the Company's website or other channels for a notification period of not less than 10 days before the convening of the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable). The Board of Supervisors shall verify the list of Participants and thoroughly consider any feedbacks. The Company shall publish an explanation on the verification results of the Board of Supervisors and the notification on the list of the Participants 5 days before the Scheme is considered at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable).
- (5) The Company shall conduct a self-inspection on the trading of the Company's Shares by persons who were privy to inside information during the six months prior to the announcement of the proposal of the Scheme to state whether there is any insider trading.
- (6) Prior to the convening of the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) to consider the Scheme, the independent Directors shall solicit proxy voting rights from all Shareholders regarding the Scheme. The shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) are required to vote on the content of the share incentive scheme under Article 9 of the Management Measures, and such shall be passed by more than 2/3 of the voting rights held by the Shareholders present at the meeting. Except for the Directors, Supervisors and senior management personnel of the Company, as well as the Shareholders individually or collectively holding more than 5% of the Company's Shares, the voting by other Shareholders shall be separately counted and disclosed. When the Scheme is considered at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) of the Company, Shareholders who are Participants or Shareholders who have a related-party relationship with the Participants shall abstain from voting thereon.
- (7) The Company shall grant the Restricted Shares to the Participants within the prescribed period upon consideration and approval of the Scheme at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) and the fulfilment of grant conditions stipulated under the Scheme. The Board shall be responsible for the implementation of the work in relation to the grant, unlocking and repurchase of the Restricted Shares in accordance with the mandate granted at the shareholders' general meeting.

(II) Procedures for granting the Restricted Shares

- (1) Following the consideration and approval of the Scheme at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable), the Remuneration Committee of the Board shall be responsible for drawing up the Restricted Shares grant scheme;

LETTER FROM THE BOARD

- (2) The Board shall consider and approve the Restricted Shares grant scheme proposed by the Remuneration Committee;
- (3) The Board shall consider and announce whether the conditions of a grant of interests to a Participant as set out in the Scheme have been satisfied before the Company makes a grant of interests to such Participant. The independent Directors and the Board of Supervisors shall both express their clear views; the legal adviser shall issue its legal opinion on whether the conditions for the grant of interests to the Participants have been fulfilled or not; the independent financial adviser shall at the same time give a clear opinion;
- (4) The Board of Supervisors shall verify whether the list of Participants for the grant of Restricted Shares is consistent with those specified in the 2023 Restricted Share Incentive Scheme approved at the shareholders' general meeting as well as the Class Meetings as stipulated in the Articles of Association then in effect (where applicable);
- (5) The Company shall sign the "Grant of Restricted Shares Agreement" with the Participants in order to determine their respective rights and obligations relationships, including the amount and period of time for which the Participants are to pay the Share purchase price;
- (6) The Participants shall pay the consideration for subscribing the Restricted Shares into the account designated by the Company according to the Company's requirement, and have it verified and confirmed by a certified public accountant, otherwise such Participant shall be deemed as having waived his/her right to subscribe for the granted Restricted Shares;
- (7) The Company shall grant the Restricted Shares to the Participants and complete the announcement and registration within 60 days after the Scheme has been considered and approved at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable). The Board shall disclose the relevant implementation in a timely manner by way of announcement after completion of the registration of Restricted Shares granted. In the event the Company fails to complete the procedures mentioned above within such 60 days, the implementation of the Scheme shall be terminated, and the Board shall disclose the reason for such non-completion in a timely manner and shall not reconsider share incentive scheme within the following three months (any period during which no granting of restricted shares is allowed by a listed company pursuant to the Management Measures shall not be included in the 60-day period);
- (8) Where a Participant who is a Director or a member of the senior management of the Company reduces his/her shareholding in the Company within 6 months prior to the grant of the Restricted Shares, and there is no case of trading with inside information after verification, the Company may defer the grant of Restricted Shares to six months after the date of his/her last reduction transaction in accordance with the provisions of the Securities Law on short-term trading;

LETTER FROM THE BOARD

- (9) The Company shall make an application to the stock exchange first before granting any Restricted Shares, and the securities registration and clearing institution will conduct the registration and clearing procedures thereof upon confirmation by the stock exchange;
- (10) After the registration of the grant of the Restricted Shares is completed, if it involves change in the registered capital of the Company, the Company shall go through the procedures in relation to the registration for changed matters with the relevant administration department for industry and commerce.

(III) Procedures for unlocking the Restricted Shares

- (1) The Company shall confirm whether the Participants have satisfied the Unlocking Conditions before the Unlocking Date. The Board shall consider whether the Unlocking Conditions under the Scheme have been satisfied. The independent Directors and the Board of Supervisors shall both express their clear views at the same time. The legal adviser shall issue its legal opinion on whether the Unlocking Conditions for the Participants have been fulfilled or not. For the Participants who have satisfied the Unlocking Conditions, the Company shall handle the unlocking procedures on a uniform basis, and for the Participants who have failed to satisfy the Unlocking Conditions, the Company will repurchase the Restricted Shares held by them corresponding to such unlocking. The Company shall disclose the implementation thereof in a timely manner by way of announcement.
- (2) A Participant may transfer the unlocked Restricted Shares, but the transfer of Shares held by the Directors and senior management personnel of the Company shall be in compliance with the requirements of relevant laws, regulations and regulatory documents.
- (3) Before the Company unlocks the Restricted Shares held by the Participants, the Company shall apply to the stock exchange, and upon confirmation by the stock exchange, the securities registration and clearing institution shall proceed with the relevant registration and clearing matters.

11. RESPECTIVE RIGHTS AND OBLIGATIONS OF THE COMPANY AND THE PARTICIPANTS

(I) Rights and obligations of the Company

- (1) The Company shall have the right to interpret and implement the Scheme and shall appraise the performance of the Participants based on the requirements under the Scheme. If a Participant fails to fulfill the Unlocking Conditions required under the Scheme, the Company will repurchase the corresponding Restricted Shares which have not been unlocked from the Participant in accordance with the principles under the Scheme.

LETTER FROM THE BOARD

- (2) Where a Participant has breached his/her obligations of good faith under the Company Law, the Articles of Association or other regulations, or impaired the interests or reputation of the Company as a result of violating the laws, breaching professional ethics, divulging confidential information of the Company, dereliction of duties or malpractice, the Restricted Shares which have not been unlocked shall be repurchased by the Company; in serious cases, the Board shall have the right to recover all or part of the gains made by him/her from his/her unlocked Restricted Shares.
- (3) The Company shall not provide loans and financial assistance in any other forms, including the provision guarantee for loans, to the Participants for acquiring or unlocking the Restricted Shares under the Scheme.
- (4) The Company shall discharge its obligations in a timely manner in relation to report and information disclosure under the 2023 Restricted Share Incentive Scheme in accordance with the relevant requirements.
- (5) The Company shall actively support the Participants who have fulfilled the Unlocking Conditions to unlock the Restricted Shares in accordance with the relevant requirements including those of the Scheme, the CSRC, the stock exchange and ChinaClear. However, the Company disclaims any liability for losses incurred by the Participants who fail to unlock the Restricted Shares at their own will due to reasons caused by the CSRC, the stock exchange and the securities registration and clearing institution.
- (6) The Company shall withhold and pay on behalf of the Participants the individual income tax and other taxes and fees payable by the Participants according to the relevant provisions of the national tax laws and regulations.
- (7) The Company's determination of the Participants of the Scheme does not imply that the Participants have the right to continue their service with the Company, nor does it constitute a commitment by the Company on the term of labour and employment of the employees. The labour and employment relationship between the Company and the employees shall continue to be governed by the labour and employment contracts signed between the Company and the Participants.
- (8) Other relevant rights and obligations as stipulated by the laws and regulations.

(II) Rights and obligations of the Participants

- (1) A Participant shall comply with the requirements of his/her position as stipulated by the Company, and shall work diligently and responsibly, strictly observe professional ethics, and make contribution to the development of the Company.

LETTER FROM THE BOARD

- (2) A Participant shall observe the restrictions on the sale of the Restricted Shares granted to him/her in accordance with the provisions of the Scheme. The Restricted Shares granted to the Participant shall not be entitled to any disposal rights such as transfer or use for guarantee or repayment of debts until the Restricted Shares are unlocked.
- (3) The Participants' source of funds shall be self-raised funds of the Participants.
- (4) Upon completion of the registration of transfer of ownership by the ChinaClear, the Restricted Shares granted to the Participants shall have the due rights, including but not limited to the rights to dividends, rights to rights issue, voting rights and rights arising from the winding up of the Company, etc. However, during the Lock-up Period, the Shares allocated to original Shareholders in the bonus shares, the capitalization issue shares and rights issue shares derived from the Restricted Shares granted to the Participants are correspondingly locked and cannot be sold in the secondary market or transferred by any other means. The end date for the Lock-up Period of such Shares is the same as that for the Restricted Shares.
- (5) Any gains for the Participants generated from the Scheme are subject to individual income tax and other taxes and fees according to the national tax laws and regulations. The Participants agree that the Company shall on behalf of the Participants withhold and pay the aforesaid individual income tax.
- (6) The Participants undertake, where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with the conditions of granting and exercising of the entitlements, they shall return to the Company all benefits gained through the Scheme from the date when it is confirmed that the relevant information disclosure documents contain false statement or misleading representations or material omissions.
- (7) Upon the consideration and approval of the Scheme at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) of the Company, the Company shall sign a "Grant of Restricted Shares Agreement" with each Participant to expressly specify their respective rights and obligations under the Scheme and other related matters.
- (8) When the Company pays cash dividends, the Participants are entitled to the cash dividends in respect of the granted Restricted Shares after being withheld and paid the individual income tax. If the restrictions on those Restricted Shares fail to be unlocked, the Company shall deduct the cash dividend attributable to the Participant in repurchasing and cancelling the Restricted Shares in accordance with the requirements of the Scheme and make corresponding accounting treatment.
- (9) Other relevant rights and obligations as stipulated by the laws and regulations.

LETTER FROM THE BOARD

12. AMENDMENTS AND TERMINATION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME

(I) Procedures for amendments to the 2023 Restricted Share Incentive Scheme

- (1) If the Company intends to amend the Scheme before it is considered at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable), such amendments shall be considered and approved by the Board.
- (2) If the Company amends the Scheme after it has been considered and approved (except for matters authorized at the shareholders' general meeting to the Board to resolve) at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable), such amendments shall be considered and approved at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable), provided that such amendments shall not include the following:
 - (i) resulting in unlocking of the Restricted Shares in advance;
 - (ii) reducing the Grant Price.
- (3) The independent Directors and Board of Supervisors shall give independent opinions in respect of whether the Scheme after amendment may benefit the Company's sustainable development, and whether there is any considerable damage to the interests of the Company and the Shareholders as a whole.
- (4) The legal adviser shall issue a legal opinion on whether the Scheme after amendment is in compliance with the Management Measures and the relevant laws and regulations, and whether there is any considerable damage to the interests of the Company and the Shareholders as a whole.

(II) Procedures for termination of the 2023 Restricted Share Incentive Scheme

- (1) If the Company intends to terminate the implementation of the Scheme before it is considered at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable), such termination shall be considered and approved by the Board.
- (2) If the Company terminates the implementation of the Scheme after it has been considered and approved at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable), such termination shall be considered and approved at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable).

LETTER FROM THE BOARD

- (3) The legal adviser shall issue a professional opinion on whether the termination of implementation of the Scheme is in compliance with the Management Measures and the relevant laws and regulations, and whether there is any considerable damage to the interests of the Company and the Shareholders as a whole.
- (4) Upon termination of the Scheme, the Restricted Shares that have not been unlocked shall be repurchased by the Company and handled in accordance with the requirements of the Company Law and the Codes on Buy-backs.
- (5) The Company shall make an application to the stock exchange first before repurchase of the Restricted Shares, and the securities registration and clearing institution will conduct the registration and settlement procedure thereof upon confirmation by the stock exchange.
- (6) The Company terminates the implementation of the Scheme, and will not review and disclose the draft of the share incentive scheme within three months from the date of announcement of the resolution.

13. METHODS OF HANDLING UNUSUAL CHANGES TO THE COMPANY AND THE PARTICIPANTS

(I) The Scheme shall be terminated immediately in case any of the following events occurs to the Company:

- (1) the financial accounting report for the latest accounting year has been issued with a negative opinion or an audit report with no opinion by the certified public accountants;
- (2) the internal control over financial reporting for the latest accounting year has been issued with a negative opinion or an audit report with no opinion by the certified public accountants;
- (3) any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
- (4) prohibition from implementation of any share incentive by laws and regulations;
- (5) other circumstances under which the share incentive scheme shall be terminated as determined by the CSRC.

When the Company terminates the Scheme in the above circumstances, any Restricted Shares which have been granted to the Participants but not unlocked shall be repurchased by the Company at the Grant Price in accordance with the relevant provisions of the Scheme.

LETTER FROM THE BOARD

- (II) **The Scheme shall not be changed and shall be implemented as usual in case any of the following events occur to the Company:**
- (1) change of the control of the Company;
 - (2) merger or spin-off of the Company.
- (III) **Where there are false representations or misleading statements contained in, or material omissions from the information disclosure documents of the Company and as a result of which the conditions of grant or arrangements for unlocking the restrictions are not satisfied, the Restricted Shares not unlocked shall be repurchased by the Company on a uniform basis. In respect of the Restricted Shares granted to the Participants which have been unlocked, the Participants concerned shall return to the Company all entitlements granted. Where a Participant not being responsible for any of the aforesaid matters returns the entitlements granted and thereby suffers losses, such Participant may claim against the Company or any other responsible persons in accordance with the relevant arrangements under the Scheme. The Board shall recover all the income obtained by the Participants in accordance with the aforesaid provisions and the relevant arrangements under the Scheme.**
- (IV) **Changes to the individual circumstances of the Participants during the Validity Period**
- (1) Where a Participant has a normal job adjustment, and works in the Company and its subsidiaries or is dispatched by the Company, and belongs to the scope of equity incentive personnel, the Restricted Shares granted to them shall be fully implemented in accordance with the provisions of the 2023 Restricted Share Incentive Scheme before the job adjustment; for those who do not fall within the scope of equity incentive personnel (including but not limited to when they become independent Directors or Supervisors and other persons who cannot hold Restricted Shares of the Company), the Company has the right to decide that the Restricted Shares of the Participants will still be unlocked at the original time and under the original conditions in the most recent Unlocking Period, and the percentage of unlocking of the Restricted Shares is determined based on the Participants' length of service in the corresponding year of performance. Those who have not yet met the time limit for the unlocking and the performance assessment conditions in the remaining years will no longer be unlocked and will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.
 - (2) Where a Participant retires and does not continue to work in the Company or its subsidiaries, or terminates the labor relationship with the Company due to objective reasons such as job adjustment not under the control of the individual, or terminates the labor relationship with the Company due to the loss of ability to work or death, the Company has the right to decide that the Restricted Shares of the Participants will still be unlocked at the original time and under the original conditions in the most recent Unlocking Period, and the percentage of unlocking of the Restricted Shares is determined based on the Participants' length of service in the corresponding year of performance. Those who have not yet met the time limit for the unlocking and the performance assessment conditions in the remaining years will no longer be unlocked and will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.

LETTER FROM THE BOARD

- (3) Where a Participant retires and accepts re-employment by the Company or its subsidiaries, the Restricted Shares granted to the Participant will be treated in full accordance with the procedures stipulated in the Scheme prior to the retirement; if the Company makes a request for continued employment and the Participant refuses, the Restricted Shares granted to the Participant but not yet unlocked will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.
- (4) Where a Participant terminates the labor contract due to the expiration of the labor contract, or terminates the labor contract on his/her own initiative without causing any negative impact, the Restricted Shares which have been granted and not unlocked of such Participant shall be repurchased by the Company at the lower of the Grant Price or the market price of the Company's Shares at the time of the repurchase.
- (5) In the following circumstances, the Participant shall return the income derived from the equity incentive, and the Restricted Shares which have been granted but not unlocked shall be repurchased by the Company. The repurchase price is the lower of the Grant Price or the market price of the Company's Shares at the time of the repurchase.
 - (i) where the Participant has breached national laws or regulations, violated professional ethics, dereliction of duty or misconduct, which severely impaired the interest or reputation of the Company, or caused economic losses to the Company, whether direct or indirect;
 - (ii) where a Participant is dismissed due to violation of the Company's rules and regulations to a severe extent according to relevant provisions of the Company's reward and punishment;
 - (iii) where the Company has sufficient proof that the Participant, during his/her term of office, has caused direct or indirect losses to the Company due to his/her violation of laws or disciplines such as bribery, solicitation of bribes, corruption, theft and divulgence of confidential operational and technological information of the Company;
 - (iv) where the Participant is held criminally liable for act of crime;
 - (v) where the Participant causes improper losses to the Company as a result of violating relevant laws and regulations or the Articles of Association;
 - (vi) where the Restricted Shares are not permitted to be granted to the Participants pursuant to Article 8 of the Management Measures.
- (6) Other circumstances not stated above and the handling method thereof shall be determined by the Board.

(V) Resolution of disputes between the Company and the Participants

Any dispute arising between the Company and the Participants shall be resolved in accordance with provisions of the Scheme and the “Grant of Restricted Shares Agreement”. Disputes not explicitly covered by the provisions shall be resolved by negotiation in accordance with the national laws on fair and reasonable principles. Where negotiation is unsuccessful, litigation shall be instigated at a competent People’s Court in the Company’s place of domicile.

14. ACCOUNTING TREATMENT FOR THE RESTRICTED SHARES

(I) Accounting treatment method for the Restricted Shares

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payment, at each balance sheet date within the Lock-up Period, the Company shall make revision to the estimated number of the Restricted Shares which are expected to be unlocked based on the subsequent information such as changes in the latest available number of persons eligible to the unlocking of the Restricted Shares, and the completion of the performance targets, and include the services acquired during such period in the relevant costs or expenses and capital reserve based on the fair value of the Restricted Shares on the Grant Date.

- (1) Accounting treatment on the Grant Date: The share capital and capital reserve shall be determined according to the issuance of Shares to the Participants by the Company.
- (2) Accounting treatment during the Lock-up Period: Pursuant to the requirements of the accounting standards, the services provided by the staff will be recognized as costs on each balance sheet date during the Lock-up Period, and the equity or liability of owners will be recognized at the same time.
- (3) Accounting treatment on the Unlocking Date: On the Unlocking Date, if the Unlocking Conditions are fulfilled, the Restricted Shares shall be unlocked; if all or part of the Shares are repurchased and canceled by the Company since the same have not been unlocked, such Shares will be dealt with pursuant to the accounting standards and relevant requirements.

(II) Method of determining the fair value of the Restricted Shares

The fair value of the Restricted Shares shall be determined according to the market price on the Grant Date and the subscription price paid by the Participant.

LETTER FROM THE BOARD

(III) Impact of share-based payment expenses on operating results of the Company for each period

The Company shall grant 27,506,100 Restricted Shares to Participants under the first grant. Assuming the grant is carried out in early June 2024 and the share price of the Company on the Grant Date is RMB4.5 per share (estimated at the closing price of RMB4.5 per share on 17 April 2024, which will be duly forecasted when granted), the total estimated amortisation expense of the Restricted Shares will be RMB58.588 million. Such amortisation expenses shall be recognised in phases based on the unlocking proportions during the implementation of the Scheme and the capital reserve will be increased at the same time. See the table below for details:

Number of Restricted Shares under the first grant (('0,000 shares)	Total cost (RMB'0,000)	2024 (RMB'0,000)	2025 (RMB'0,000)	2026 (RMB'0,000)	2027 (RMB'0,000)	2028 (RMB'0,000)
2,750.61	5,858.80	1,281.61	2,197.05	1,513.52	683.53	183.09

Note: The above are preliminary estimates made by the Company on the assumptions of the currently available data. Actual amounts shall be ascertained using fair values of the Restricted Shares that are measured on the actual Grant Date, which are subject to the amounts audited by the accounting firm. The accounting treatment of reserved Restricted Shares is identical to that of the Restricted Shares under the first grant in the Scheme.

The total expenses arising from the share incentive plan will be charged to recurring profit or loss. Based on the current situation, the Company estimates that the amortisation of the expenses under the Scheme will affect the net profit of each year during the Validity Period without considering the stimulating effect of the Scheme on the Company's performance. Taking into consideration the positive effects of the Scheme to the Company's development, such as boosting the enthusiasm of the management team and improving the operating efficiency, the performance improvement of the Company brought by the Scheme will outweigh the increase in expenses incurred by it.

15. PRINCIPLES OF REPURCHASE OF RESTRICTED SHARES

(I) Method for adjustment to the repurchase amount

Upon completion of registration of the Restricted Shares granted to the Participants, in case of any capitalization issue, bonus issue, sub-division of shares, rights issue or share consolidation and other matters, the Company shall make corresponding adjustments to the repurchase amount of the Restricted Shares that have not been unlocked. The method for adjustment is as follows:

(1) *Capitalization issue, bonus issue and sub-division of shares*

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio per share resulting from capitalization issue, bonus issue and sub-division of shares (i.e. the increase in number of shares per share upon capitalization issue, bonus issue and sub-division of shares); Q represents the adjusted number of the Restricted Shares.

(2) *Rights issue*

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; P_1 represents the closing price as at the share registration date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of the Restricted Shares.

(3) *Share consolidation*

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one share of the Company to be consolidated into n shares); Q represents the adjusted number of the Restricted Shares.

(4) *Dividend distribution, additional issue*

Under the circumstance of dividend distribution or additional issue of new Shares by the Company, no adjustment will be made to the number of the Restricted Shares.

LETTER FROM THE BOARD

(II) Method for adjustment to the repurchase price

In the event that the Company repurchases the Restricted Shares according to the Scheme, unless otherwise specified in the Scheme, the repurchase price shall be the Grant Price except for those whose repurchase price needs to be adjusted in accordance with the Scheme.

Upon completion of registration of the Restricted Shares granted to the Participants, in the event of any capitalization issue, bonus issue, sub-division of shares, rights issue or share consolidation, dividend distribution of the Company that affects the total share capital of the Company or the price of the Company's shares, the Company shall make corresponding adjustments to the repurchase price of the Restricted Shares that have not been unlocked. The method for adjustment is as follows:

(1) *Capitalization issue, bonus issue and sub-division of shares*

$$P = P_0 \div (1 + n)$$

Where: P represents the repurchase price of each Restricted Share after adjustment; P_0 represents the Grant Price of each Restricted Share; n represents the ratio per share resulting from the capitalization issue, bonus issue and sub-division of shares (i.e. the number of shares increased per share upon capitalization issue, bonus issue or sub-division of shares).

(2) *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: P_1 represents the closing price as at the share registration date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue).

(3) *Share consolidation*

$$P = P_0 \div n$$

Where: P represents the repurchase price of each Restricted Share after adjustment; P_0 represents the Grant Price of each Restricted Share; n represents the ratio per share of consolidation of shares (i.e. 1 share of the Company to be consolidated into n shares).

LETTER FROM THE BOARD

(4) Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the repurchase price of each Restricted Share before adjustment; V represents the dividend per share; P represents the repurchase price of each Restricted Share after adjustment. P shall be greater than 1 after the dividend distribution.

(5) Additional issue

Under the circumstance of additional issue of new Shares by the Company, no adjustment will be made to the repurchase price of the Restricted Shares.

(III) Procedures for adjustment of repurchase price and repurchase volume

- (1) The Board shall be authorized at the shareholders' general meeting to adjust the repurchase price and repurchase volume of Restricted Shares based on the reasons listed above. The Board shall make announcement in a timely manner after adjusting the repurchase price and repurchase volume in accordance with the above provisions.
- (2) If it is necessary to adjust the repurchase price and repurchase volume due to other reasons, a resolution shall be made by the Board, and it shall be considered and approved at the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable).

(IV) Procedures of repurchase

- (1) The Company shall in a timely manner convene a Board meeting to consider the share repurchase program in accordance with the above provisions, and if necessary, submit the repurchase plan to the shareholders' general meeting and the Class Meetings as stipulated in the Articles of Association then in effect (where applicable) for approval, and announce the same in a timely manner.
- (2) When the Company implements a repurchase under the Scheme, it shall be implemented in accordance with the requirements under the Company Law and the Codes on Buy-backs.
- (3) The Company shall apply to the stock exchange for handling the relevant procedures of the Restricted Shares when implementing the repurchase under the Scheme, upon the confirmation by the stock exchange, the Company shall complete the procedures at ChinaClear in a timely manner, and make an announcement.

II. OTHER RESOLUTIONS ON THE PROPOSED ADOPTION OF THE 2023 RESTRICTED SHARE INCENTIVE SCHEME

(i) Proposed Adoption of the Management Measures for the 2023 Restricted Share Incentive Scheme

The Company has formulated the Management Measures for the 2023 Restricted Share Incentive Scheme for the purpose of implementing the 2023 Restricted Share Incentive Scheme and clarifying, among other things, the administrative bodies and their duties, the implementation procedures and the handling of special circumstances.

The full text of the Management Measures for the 2023 Restricted Share Incentive Scheme is set out in the Appendix II to this circular. A special resolution will be proposed at the AGM and the Class Meetings to consider and, if thought fit, approve the adoption of the Management Measures for the 2023 Restricted Share Incentive Scheme.

(ii) Proposed Adoption of the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme

The Company has formulated the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme in accordance with the relevant state regulations and the actual conditions of the Company for the purpose of ensuring the smooth implementation of the 2023 Restricted Share Incentive Scheme, ensuring that the grant and unlocking of the Restricted Shares to the Participants are in line with the actual management needs of the Company, and developing a well-balanced value distribution system while safeguarding the fairness and effectiveness of the 2023 Restricted Share Incentive Scheme.

The full text of the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme is set out in the Appendix III to this circular. A special resolution will be proposed at the AGM and the Class Meetings to consider and, if thought fit, approve the adoption of the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme.

(iii) Proposed Authorisation to the Board to Handle the Matters Relating to the 2023 Restricted Share Incentive Scheme

In order to specifically implement the 2023 Restricted Share Incentive Scheme, the Board proposes the AGM and the Class Meetings to authorise the Board to handle the following matters relating to the 2023 Restricted Share Incentive Scheme:

1. To authorise the Board to determine the Grant Date of the Restricted Shares;
2. To authorise the Board to adjust, among other things, the number of the Restricted Shares and the Grant Price to be granted based on the methods stipulated in the 2023 Restricted Share Incentive Scheme in the event of any capitalisation issue, bonus issue, sub-division of share or share consolidation, and rights issue of new Shares of the Company;

LETTER FROM THE BOARD

3. To authorise the Board to adjust the number of the Restricted Shares to the number of the reserved Restricted Shares in the event that a Participant of the initial grant waives the Restricted Shares that the Company intends to grant to him/her for any reason, and the adjusted proportion of the reserved Restricted Shares shall not exceed 20% of the total number of the Restricted Shares under the 2023 Restricted Share Incentive Scheme;
4. To authorise the Board to review whether the conditions for the granting of Restricted Shares by the Company to the Participants are met, and to handle all matters concerning the grant of the Restricted Shares and the related registration and settlement;
5. To authorise the Board to review whether the conditions for unlocking the Restricted Shares granted to Participants by the Company for such unlocking period are met, and to handle all matters concerning the unlocking of the Restricted Shares;
6. To authorise the Board, in the event the repurchasing of shares is required pursuant to the terms of the 2023 Restricted Share Incentive Scheme, to repurchase the Restricted Shares held by the Participants that have not been unlocked under the 2023 Restricted Share Incentive Scheme and to handle all matters concerning the repurchasing of such Restricted Shares, including but not limited to the registration and settlement of such Restricted Shares, amendment to the Articles of Association, change and registration of the registered capital of the Company;
7. To authorise the Board to adjust the number and price of the Restricted Shares to be repurchased based on the 2023 Restricted Share Incentive Scheme in the event of any capitalisation issue, bonus issue, sub-division of share, share consolidation, dividend distribution, and rights issue of the Company;
8. To authorise the Board, based on the 2023 Restricted Share Incentive Scheme, to deal with the Restricted Shares granted to the Company and the Participants that have been or have not been unlocked in the event of special circumstances including unusual movements;
9. To authorise the Board to reject or replace the samples of benchmarking companies undergoing performance appraisal of 2023 Restricted Share Incentive Scheme based on the provisions of 2023 Restricted Share Incentive Scheme and changes in benchmarking companies;
10. To authorise the Board to manage the whole process of the implementation of the 2023 Restricted Share Incentive Scheme. However, if laws, regulations, normative documents or relevant regulatory authorities require that such management measures be approved at a general meeting, class meeting or/and by relevant regulatory authorities, such management measures shall be approved accordingly;

LETTER FROM THE BOARD

11. To authorise the Board to carry out the procedures of reviewing, registering, filing, approving and consenting with the relevant governments and authorities in respect of the 2023 Restricted Share Incentive Scheme, signing, executing, amending and completing the documents submitted to the relevant governments, authorities and organisations, as well as doing all acts that it considers necessary, proper or appropriate in relation to the 2023 Restricted Share Incentive Scheme;
12. To authorise the Board to adjust relevant content of the 2023 Restricted Share Incentive Scheme based on the amendments where laws, regulations and normative documents are revised;
13. To authorise the Board to handle other matters necessary to implement the 2023 Restricted Share Incentive Scheme, except for the rights that shall not be granted to the Board and shall be approved at a general meeting or class meeting of the Company in accordance with the requirements of relevant laws, regulations, normative documents or relevant regulatory authorities;
14. To submit to the AGM and the Class Meetings to approve that the period of authorisation to the Board is consistent with the term of the 2023 Restricted Share Incentive Scheme.

The authorisations above may be exercised directly on behalf of the Board by persons authorised by the Board, save for the matters which are expressly provided for in the laws, administrative regulations, regulatory documents, the 2023 Restricted Share Incentive Scheme or the Articles of Association that shall be resolved by a general meeting, class meeting or the Board.

III. IMPLICATIONS OF THE HONG KONG LISTING RULES

Pursuant to the Chapter 17 of the Hong Kong Listing Rules, the 2023 Restricted Share Incentive Scheme will constitute a share scheme involving the grant of new shares and share schemes involving the grant of new shares must be approved by the shareholders of the listed issuer at the shareholders' general meeting. Accordingly, the proposed adoption of the 2023 Restricted Share Incentive Scheme will be subject to, among other things, the Shareholders' approval at the AGM and the Class Meetings.

LETTER FROM THE BOARD

According to Rule 17.03(13) of the Listing Rules, the scheme document must include a provision for adjustment of the exercise or purchase price and/or the number of shares subject to options or awards granted under the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital. In addition to the events where adjustment to the Grant Price is required under Rule 17.03(13) of the Listing Rules, the 2023 Restricted Share Incentive Scheme also provides for the adjustment to the Grant Price in the event of dividend distribution (the “**Proposed Adjustment**”). However, the dividend distribution is not within the scope of above adjustments under Rule 17.03(13) of the Listing Rules.

On the basis of the following factors, the Company has applied for, and the Stock Exchange has granted a waiver from strict compliance with Rule 17.03(13) of the Listing Rules in respect of the Proposed Adjustment:

- (i) the 2023 Restricted Share Incentive Scheme only entitles the Participants to acquire A Shares but not H Shares of the Company and the Proposed Adjustment is included in the rules of the 2023 Restricted Share Incentive Scheme pursuant to the relevant laws, regulations and regulatory requirements in Mainland China as described below:

Pursuant to Article 48 of the Administrative Measures on Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》), if it is necessary to adjust the equity price or quantity of the underlying stock due to ex-rights, ex-dividends or other reasons, the board of directors of the listed company shall make adjustments in accordance with the principles, methods and procedures stipulated in the equity incentive plan.

Pursuant to Article 59 of the Administrative Measures on Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》), if the price or quantity of equity is adjusted due to the ex-rights, ex-dividends or other reasons of the underlying stock, after the adjustment proposal is deliberated and approved by the board of directors, the listed company shall promptly disclose the announcement of the resolution of the board of directors and the opinions of the law firm at the same time.

Pursuant to Article 79 of the Guidelines for the Implementation of Equity Incentives by Listed Companies Controlled by Central Enterprises (《中央企業控股上市公司實施股權激勵工作指引》), if it is necessary to adjust the price or quantity of equity due to the ex-rights, ex-dividends or other reasons of the underlying stock, the board of directors of the listed company shall make adjustments in accordance with the principles, methods and procedures stipulated in the equity incentive plan and its management measures.

According to the PRC legal advisers of the Company, the Company is required to comply with the above provisions.

According to article II.4 of Chapter IX Methods and Procedures of Adjusting the Restricted Shares of the 2023 Restricted Share Incentive Scheme, which has been disclosed in the Appendix I to this circular, the adjustment method is as follows: $P = P_0 - V$, where: P_0 represents the Grant Price prior to the adjustment; V represents the dividend per share; and P represents the Grant Price after the adjustment. P shall be greater than 1 after the adjustment for dividend distribution;

LETTER FROM THE BOARD

- (ii) the Proposed Adjustment is in line with the market practice in the PRC;
- (iii) the proposed terms of the 2023 Restricted Share Incentive Scheme, including the Proposed Adjustment, are prepared in accordance with the relevant requirements under the PRC laws and the requirements of the relevant regulatory authorities of the PRC, and such terms have been submitted to SASAC for approval. Any amendment to the terms of the 2023 Restricted Share Incentive Scheme, including the Proposed Adjustment will require re-submission of the terms of the 2023 Restricted Share Incentive Scheme by the Company to SASAC for pre-vetting and pre-approval, which will impose undue burden on the Company;
- (iv) the proposed terms of the 2023 Restricted Share Incentive Scheme, including the Proposed Adjustment, have been reviewed by the legal advisers to the Company in relation to A Shares, and approved by the independent non-executive Directors, the Board of Supervisors and the Board;
- (v) the total number of Restricted Shares proposed to be granted under the 2023 Restricted Share Incentive Scheme shall not exceed 29,506,100 shares in total, representing only approximately 0.997% of the total share capital of the Company (i.e. 2,959,066,700 shares) as at the date of this application. The dilution effect on the shareholding interests of the existing Shareholders will therefore be immaterial. As such, it would not adversely affect the interests of the existing Shareholders;
- (vi) not only will the terms of the 2023 Restricted Share Incentive Scheme be under close scrutiny by SASAC, but they are also subject to approval by the Shareholders at the AGM and the Class Meetings. The Shareholders will be given the opportunity to make an informed decision as to the adoption of the 2023 Restricted Share Incentive Scheme at the AGM and the Class Meetings.

For details of adjustment of the Grant Price under the 2023 Restricted Share Incentive Scheme, please refer to Appendix I to this circular.

Given that Mr. LI Yihua, Mr. LIU Jing and Mr. LIU Ruiping are the grantees of the Restricted Shares, they have abstained from voting on the Board resolution approving the 2023 Restricted Share Incentive Scheme. Save as aforesaid, no other Directors have any material interests in the 2023 Restricted Share Incentive Scheme and, therefore, no other Directors have abstained from voting on the relevant Board resolution.

The AGM and the Class Meetings will be convened by the Company to consider and, if thought fit, approve, among other things, the adoption of the 2023 Restricted Share Incentive Scheme and matters relating thereto. Since the Shareholders who are the Participants or connected with the Participants have material interests in the 2023 Restricted Share Incentive Scheme, as such, they will abstain from voting on the resolutions related to the adoption of the 2023 Restricted Share Incentive Scheme and the matters related thereto on the AGM and the Class Meetings. As at the Latest Practicable Date, to the best knowledge of the Directors after making all reasonable enquiries, three Participants and/or their associates hold in aggregate 14,100 A Shares (representing approximately 0.00048% of the total share capital of the Company as at the Latest Practicable Date), such persons shall abstain from voting on the adoption of the 2023 Restricted Share Incentive Scheme and the matters related thereto at the AGM and the Class Meetings. Save as disclosed above, no other Shareholders are required to abstain from voting on the corresponding resolutions at the AGM and the Class Meetings.

LETTER FROM THE BOARD

The Issuance of the Onshore and Offshore Debt Financing Instruments

A special resolution will be proposed in the AGM to approve the issuance of the Onshore and Offshore Debt Financing Instruments.

In order to expand current financing sources, strengthen the financing capacity and lower the financing costs of the Company, the Company has continuously enacted relevant financing plans in accordance with its needs of funds and actual conditions. The financing plans include:

1. The issuance of onshore RMB debt financing instruments by one or multiple issuances or by multiple tranches (the “RMB Debt Financing Instruments”), including but not limited to the RMB corporate debt and other RMB debt financing instruments of the Company which have been registered, approved by or filed with the China Securities Regulatory Commission (the “CSRC”), the National Association of Financial Market Institutional Investors and other relevant authorities according to the relevant regulations;
2. The issuance of offshore debt financing instruments by one or multiple issuances or by multiple tranches (the “**Offshore Debt Financing Instruments**”), including but not limited to dollars, offshore RMB or other foreign currency bonds (including the dollar subordinated bonds) and the establishment of the plan for the continuous issuance of medium-term notes, as well as foreign currency bills (including but not limited to commercial notes).

(The aforementioned “RMB Debt Financing Instruments” and “Offshore Debt Financing Instruments” are collectively referred to as “Onshore and Offshore Corporate Debt Financing Instruments”, including financing instruments that are included in equity.)

In order to capture the positive market conditions, the Company is hereby applying for the issuance of the Onshore and Offshore Corporate Debt Financing Instruments. Details of the General Mandates are as follows:

I. Issuing Entity, Size of Issuance and Method of Issuance

The Company will be the issuing entity of the issuance of RMB Debt Financing Instruments. The RMB Debt Financing Instruments that will be registered, approved by or filed with the CSRC, the National Association of Financial Market Institutional Investors and other relevant authorities in accordance with the relevant regulations will be issued on an one-off or multiple issuance or multi-tranche issuance basis through public offering in the PRC or through placements to qualified investors in accordance with the CSRC, the National Association of Financial Market Institutional Investors and other relevant authorities’ relevant regulations.

The Company or its wholly-owned offshore subsidiary(ies) will act as the issuing entity(ies) of the issuance of Offshore Debt Financing Instruments. The Offshore Debt Financing Instruments will be issued on an one-off or multiple issuance or multi-tranche issuance basis through public offering or private placements outside the PRC.

LETTER FROM THE BOARD

The size of the Onshore and Offshore Corporate Debt Financing Instruments will be in aggregate no more than RMB10 billion (inclusive, calculated based on the balance outstanding upon the issuance and, in the case of an instrument denominated in a foreign currency, based on the median rate of the exchange rates published by The People's Bank of China on the date of the issuance), and shall be in compliance with the requirements prescribed in the relevant laws and regulations on the maximum amount of the issuance of debt financing instruments. Of which, the balance of debt and equity financing instruments issued on the National Association of Financial Market Institutional Investors, the SSE and the Stock Exchange on 31 December 2024 shall not exceed RMB3.8 billion.

A resolution will be proposed at the general meeting to authorize the chairman of the Company or other person(s) delegated by the chairman to determine the issuing entity, the size of issue, the tranches, the currency and the method of the issuance specifically at each time in accordance with the relevant laws and regulations and the advice and recommendations from the regulatory authorities, the Company's needs of the funds and the then prevailing market conditions in the principle of maximizing the interest of the Company at its sole discretion within the aforementioned scope.

II. Types of Debt Financing Instruments

The RMB Debt Financing Instruments will include (as the case may be) ordinary bonds, non-public placement debt, short-term bills, medium-term notes, renewable corporate bonds, perpetual bonds, asset-backed securities and other types which can be issued as permitted by the regulatory authorities.

The Offshore Debt Financing Instruments will include (as the case may be) bonds and other types.

A resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman to determine the types of the Onshore and Offshore Corporate Debt Financing Instruments and the specific priorities for repayment of creditors in accordance with the relevant regulations and the then prevailing market conditions at the time of issuance.

III. Term of Debt Financing Instruments

The term of the Onshore and Offshore Corporate Debt Financing Instruments shall be no longer than 10 years (inclusive) with a single term or hybrid type of multiple terms. A resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman to determine the composition of specific term and the size of each term and type in accordance with the relevant regulations and the then prevailing market conditions at the time of issuance.

IV. Interest Rate of Debt Financing Instruments

A resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman and the lead underwriter (if any) to determine the interest rate of the Onshore and Offshore Corporate Debt Financing Instruments to be issued as well as the method of calculation and payment thereof in accordance with the then prevailing domestic market conditions and the relevant regulations in respect of the administration on the interest rate of the debt financing instruments (at the time of issuance of the RMB Debt Financing Instruments) and in accordance with the then prevailing overseas market conditions (at the time of issuance of the Offshore Debt Financing Instruments).

LETTER FROM THE BOARD

V. Guarantee and Other Arrangements

A resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman to determine the guarantee arrangement for the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the laws. In accordance with the structure of each issuance, the Company or its qualified wholly-owned subsidiary(ies) will be the issuing entity(ies) of the debt financing instruments to be issued, on the basis of, including but not limited to, credit enhancement arrangements such as a guarantee or the provision of a letter of support and/or a keep-well agreement to be issued by the Company, its wholly-owned subsidiary(ies) and/or third party(ies). A resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman to determine specific credit enhancement arrangements such as the provision of guarantee or the issuance of a letter of support and/or keep-well agreement in accordance with the structure of each issuance.

VI. Use of Proceeds

The proceeds to be raised from the issuance of the Onshore and Offshore Corporate Debt Financing Instruments will be used to meet the business operation needs of the Company, adjust the debt structure of the Company, supplement the current capital of the Company and/or project investment, etc. A resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman to determine the specific use of proceeds in accordance with the Company's needs of the funds.

VII. Issuing Price

A resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman to determine the issuing price of the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the prevailing market conditions at the time of each issuance and the relevant laws and regulations.

VIII. Targets of Issue and Arrangements of Distribution to Shareholders of the Company

The targets of the Onshore and Offshore Corporate Debt Financing Instruments shall be the onshore and offshore investors who meet the conditions for subscription.

IX. Listing of the Debt Financing Instruments

A resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman to determine the relevant matters involved in the application for the listing of the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the actual conditions of the Company and the prevailing conditions of the domestic and overseas markets.

LETTER FROM THE BOARD

X. *Validity Period of the Resolutions*

The validity period of the general meeting resolutions for the issuance of the Onshore and Offshore Corporate Debt Financing Instruments shall be 12 months from the date of approval by the general meeting.

Where the Company had, during the validity period of the authorization, decided the issuance or partial issuance of the relevant Onshore and Offshore Corporate Debt Financing Instruments, and provided that the Company had also, during the validity period of the authorization, obtained the approval, license, filing or registration from the regulatory authorities on the issuance (if applicable), the Company may, during the validity period of relevant approval, license, filing or registration/confirmation, complete the issuance or relevant partial issuance of the Onshore and Offshore Corporate Debt Financing Instruments.

XI. *Authorization for the Issuance of the Onshore and Offshore Corporate Debt Financing Instruments*

To effectively coordinate the issuance of the Onshore and Offshore Corporate Debt Financing Instruments and specific matters in the issuance processes, a resolution will be proposed at the general meeting to authorize the chairman or other person(s) delegated by the chairman to exercise its full power to deal with all matters in connection with the issuance of the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the relevant laws, regulations and opinions and advices from the regulatory authorities, within the framework and in the principles approved at the general meeting, and based upon the principle of acting in the best interest of the Company, including but not limited to:

1. formation and adjustment of specific plans for the issuance of the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the applicable laws, regulations and relevant provisions from the regulatory authorities as well as resolutions passed at the general meeting, and based on the actual conditions of the Company and the relevant debt markets, including, without limitation to, the suitable issuing entity(ies), timing of issuance, specific amount and method of issuance, terms of issuance, target of issuance and duration, whether to issue on an one-off, multiple issuance, multi-tranche issuance or multiple-category issuance basis and, if on multiple issuances, multi-tranche issuance or multiple-category issuance basis, arrangements on the size and term of each issuance, tranche and category thereof, the ways in which the nominal value and interest rate are determined, currency (including offshore RMB), pricing method, issuance arrangements, letter of guarantee, letter of support or keep-well agreement arrangement, rating arrangement, specific methods of subscription, whether to incorporate terms of repurchase or redemption, specific placement arrangement, use of proceeds, registration, listing of Onshore and Offshore Corporate Debt Financing Instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment, etc. and all the matters relating to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments;
2. determining and engaging intermediary agency, signing, executing, amending and completing all agreements and documents relating to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments, including but not limited to, underwriting agreement, guarantee agreement, letter of support or keep-well agreement, bond indenture, engagement letter with intermediary agency, trust management agreement, liquidation management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing rules of the exchanges on which the Company's securities are listed (including but not limited to the preliminary and final offering memoranda of the debt financing instruments, and all the announcements and circulars, etc., in relation to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments);

LETTER FROM THE BOARD

3. selecting and engaging trustee(s) and clearance manager(s) for the issuance of the Onshore and Offshore Corporate Debt Financing Instruments, signing the trustee management agreement(s) and clearance management agreement(s) and formulating rules for meetings of the holders of the debt financing instruments (if applicable);
4. undertaking all applications and filings as well as listing matters with regard to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments, including but not limited to preparing, revising and submitting relevant applications and filings of materials relating to the issuance and listings of the Onshore and Offshore Corporate Debt Financing Instruments, any guarantee, letter of support or keep-well agreement to be provided by the Company, the issuing entity(ies) and/or third party(ies), and signing the relevant applications and filing documents and other legal documents in accordance with the requirements of relevant regulatory departments;
5. making relevant adjustments to matters relating to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments according to changes in the opinions of regulatory authorities and the policies or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuance of Onshore and Offshore Corporate Debt Financing Instruments in accordance with the actual situation, unless re-approval at general meeting is otherwise required pursuant to the relevant laws, regulations and the Articles;
6. dealing with the other matters in relation to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments.

The above authorization shall be effective from the date of approval at the general meeting to the date of expiration of the resolution of the general meeting on the Company's domestic and foreign debt financing instruments or the date of completion of the above authorization matters (subject to the obtaining of issuance approval, license, filing or registration of the regulatory authority during the effective period of the authorization, if applicable).

ORDINARY RESOLUTIONS

Board of Directors' Work Report for 2023

An ordinary resolution will be proposed at the AGM to approve the Board of Directors' work report for 2023, the full text of which is set out in Appendix IV to this circular.

Board of Supervisors' Work Report for 2023

An ordinary resolution will be proposed at the AGM to approve the Board of Supervisors' work report for 2023, the full text of which is set out in Appendix V to this circular.

Financial Report for 2023

An ordinary resolution will be proposed at the AGM to approve the financial report for 2023. The financial report for 2023 prepared by the Company in accordance with the PRC Accounting Standards for Business Enterprises is summarized as follows:

LETTER FROM THE BOARD

I. Revenue and Profit

(I) Revenue

The Company recorded operating revenue of RMB22.337 billion in 2023, representing a year-on-year decrease of RMB1.36 billion or 5.74%, the main reason is that the Company has thoroughly implemented the “technology + internationalism” development strategy, and the proportion of revenue from survey and design and equipment manufacturing has increased year-on-year; stopped securing new PPP investment-finance-build projects, and gradually reduced the scale of municipal, civil and other construction business, resulting in a drop in the overall income year-on-year.

Operations of each business segment are as follows:

Business segments	2023 (RMB'00 million)			2022 (RMB'00 million)		
	Operating revenue	Percentage of total revenue	Gross margin	Operating revenue	Percentage of total revenue	Gross margin
Engineering survey, design and consultancy	27.94	12.51%	30.50%	26.87	11.34%	30.04%
Engineering and construction	170.51	76.33%	4.56%	185.61	78.33%	10.16%
Equipment manufacturing	24.92	11.16%	13.12%	24.49	10.33%	13.00%
Total	223.37	100.00%	8.76%	236.97	100.00%	12.76%

1. Revenue of the engineering survey, design and consultancy business in 2023 was RMB2.794 billion, representing an increase of RMB107 million or 3.99% year-on-year. The Company focused on non-ferrous metals, with a significant trend of returning to its main business. The number of new signings and orders in hand for the survey, design and consulting business have increased year-on-year, and operating income has achieved year-on-year growth, with gross profit for the segment rising to 30.5%.
2. The project construction and contracting business realized revenues of RMB17.051 billion in 2023, representing a decrease of RMB1.51 billion or 8.14% year-on-year. The Company focused on non-ferrous and advantageous industrial areas, fully implemented transformation and upgrading. From the perspective of revenue structure, revenue from industrial project increased by RMB1.01 billion, revenue from municipal and civil construction decreased by RMB841 million, and revenue from highway, transports and others decreased by RMB1.68 billion.

In 2023, the Company made greater efforts to develop the international market, and the overseas contracts grew steadily, and the overseas revenue for the year reached RMB3.374 billion, representing a year-on-year increase of RMB2.37 billion.

LETTER FROM THE BOARD

3. Equipment manufacturing business realized revenues of RMB2.492 billion in 2023, representing an increase of RMB43 million or 1.76% year-on-year, mainly due to the Company's in-depth development of the mid-to-high-end equipment business market and continuous provision of high-quality equipment research and development services to property owners. The revenue and gross profit margin of this business segment has achieved year-on-year growth for three consecutive years.

(II) Changes in Expenses during the Period

1. Selling expenses for 2023 amounted to RMB141 million, representing an increase of 18.3% over the previous year, mainly due to the increase in salary of salespersons and external commissions as a result of the Company's further strengthening of market development.
2. Administrative expenses for 2023 amounted to RMB1.135 billion, representing an increase of 6.14% over the previous year, primarily due to the slight increase in remuneration of the management of the Company over last year.
3. Research and development expenses for 2023 amounted to RMB943 million, representing an increase of 3.43% over the previous year, mainly due to the year-on-year increase in research and development investment as the Company increased the research and development of core technologies based on the top priority requirement of technological innovation.
4. Financial expenses for 2023 amounted to RMB259 million, representing a decrease of 9.77% over the previous year, which was mainly due to the Company repaid interest-bearing financing of RMB3.8 billion by giving full play to the effect of centralised fund management with our fund management center and platform; At the same time, the financing structure was further optimised and adjusted with the fading out of short-term loans with higher interest rates, the comprehensive financing cost was reduced by 49BP, and the financial expenses decreased by RMB106 million year-on-year.

(III) Provision for Impairment

1. In 2023, the Company provided for credit impairment losses of RMB519 million, an increase of RMB155 million year-on-year, primarily due to the provision for impairment after further analysis and judgment on certain receivables with slower recovery this year.
2. In 2023, the Company recorded an asset impairment loss of RMB1.835 billion, an increase of RMB1.81 billion year-on-year, primarily due to the impact of changes in the accounting estimates of contract assets, and the provision of impairment loss for certain inefficient and ineffective assets during the year.

LETTER FROM THE BOARD

(IV) Profit for the Year

Gross profit of the Company for 2023 was a loss of RMB2.945 billion; net profit attributable to the parent company for 2023 was a loss of RMB2.658 billion, mainly due to:

1. Impact of changes in accounting estimates of provision for impairment of contract assets

In order to more accurately and objectively reflect the credit risk faced by the same customer, the Company made changes to the accounting estimate for the provision method of contract asset impairment provisions this year. This change adopts the prospective application method, and all impairment losses accrued on contract assets based on new accounting estimates are included in the current year's financial statements, resulted in an increase in impairment loss provision for assets.

2. Impact of disposal of non-responsible main business subsidiaries and inefficient and ineffective assets

In order to further accelerate the pace of reform and development, focus on core competitiveness and core functions, and focus on downsizing, reduce costs and increase efficiency, the Company accelerated the disposal of non-main business subsidiaries and inefficient and ineffective assets during the year, and recognised the corresponding losses.

3. Impact of other impairment provisions

As affected by the external economic environment and changes in time needed for collecting receivable from customer, the Company has and further analyzed receivable items with repayment risk, and determined there were impairment and made corresponding provisions. In addition, after the impairment test conducted to the inventory and other assets held, the Company has made provision for the asset impairment losses in respect of the difference in net realizable value.

LETTER FROM THE BOARD

II. *Assets and Liabilities*

(I) *Assets*

As of the end of 2023, the Company's total assets were RMB40.945 billion, down by RMB6.448 billion compared with the end of 2022. Among our assets, current assets were RMB32.116 billion, non-current assets were RMB8.828 billion.

The Company's receivables and inventories at of the end of 2023 were as follows:

Receivables and inventories	Balance as of the end of 2023 (RMB'00 million)	Balance as of the end of 2022 (RMB'00 million)	Change (RMB'00 million)
Trade receivables	151.15	152.65	-1.50
Other receivables	13.52	24.77	-11.25
Prepayments	5.10	4.74	0.36
Inventories	22.29	28.55	-6.26
Contract assets	67.21	78.62	-11.41
Long-term receivables	16.81	17.44	-0.63
Total	276.08	306.77	-30.69

As of the end of 2023, the balance of the Company's receivables and inventories was RMB27.608 billion, a decrease of RMB3.069 billion from the beginning of the year. Excluding the provision for impairment of RMB2.09 billion for the year, the balance of the Company's receivables and inventories decreased by RMB979 million, of which RMB770 million was recovered from the equity transfer of the Miyu Project, while other receivables and inventories decreased by RMB209 million.

(II) *Liabilities*

As of the end of 2023, the Company's total liabilities were RMB33.689 billion, a decrease of RMB3.247 billion compared with the end of 2022, of which operating liabilities increased by RMB384 million and interest-bearing liabilities decreased by RMB3.631 billion.

LETTER FROM THE BOARD

The Company's liabilities at the end of 2023 are as follows:

Items	As of the end of 2023 (RMB'00 million)	As of the end of 2022 (RMB'00 million)	Changes (RMB'00 million)
Total liabilities	336.89	369.36	-32.47
I. Operating liabilities	247.51	243.67	3.84
Of which: trade payables	125.52	126.68	-1.16
II. Interest-bearing liabilities	89.38	125.69	-36.31
Of which: short-term borrowings			
from banks and financial institutions	13.44	41.84	-28.40
Long-term borrowings due within 1 year	14.15	31.28	-17.14
Bank and other financial institution borrowings	61.80	52.57	9.23

From the perspective of the structure of the Company's interest-bearing liabilities, balance of the Company's short-term borrowings at of the end of 2023 was RMB1.344 billion, a decrease of RMB2.84 billion compared with the beginning of the year and accounting for 15% of the total interest-bearing liabilities; balance of long-term borrowings (including those due within one year) was RMB7.595 billion, down RMB791 million from the beginning of the year and accounting for 85% of the total interest-bearing liabilities, with the Company's financing structure further optimized.

III. Net Assets

As of the end of 2023, the Company's net assets were RMB7.254 billion, a decrease of RMB3.201 billion compared with the end of 2022, of which:

1. Net assets attributable to the parent company were RMB7.016 billion, a decrease of RMB514 million compared with the end of 2022, and the impact of financial statement losses on net assets attributable to the parent company this year was -RMB2.658 billion; in addition, the Company issued a perpetual medium-term note of RMB2.8 billion, with a net increase of RMB2.308 billion in equity instruments during the year.
2. Minority shareholders' equity was RMB238 million, a decrease of RMB2.688 billion compared with the end of 2022, primarily due to the redemption of US\$350 million of perpetual bonds issued overseas by the Company during the year.

As of the end of 2023, the Company's asset-liability ratio was 82.28%, an increase of 4.34 percentage points from 77.94% at the end of 2022, primarily due to the losses in financial statements.

LETTER FROM THE BOARD

IV. Cash Flow

The Company's net cash flow from operating activities in 2023 was a net inflow of RMB723 million, representing a year-on-year increase of RMB198 million in net inflow, which was mainly due to the year-on-year increase in net cash inflow from operating activities as the Company focused on cash flow collection and strictly implemented cash flow control measures to determine expenditure based on revenue.

In 2023, the Company's net investment activities amounted to a net inflow of RMB94 million, representing a reduction in outflow of RMB4.415 billion, mainly due to the Company's recovery of the remaining equity transfer payment of Miyu Company during the period, while the project construction investment expenditure incurred by Miyu Company in the previous year was presented as cash outflow from investment activities, and there was no such business during the year.

In 2023, the Company's net cash flow from financing activities was a net outflow of RMB4.412 billion, representing an increase of RMB8.279 billion in outflow, which was mainly due to the fact that the company further strengthened the centralized management of funds, improved the efficiency of capital turnover, and redeemed US\$350 million of perpetual bonds issued overseas and repaid some external loans with higher financing costs, and the financing scale has dropped to the lowest level since 2016.

For details of the Company's financial data for the year ended 31 December 2023, please refer to the section headed "Financial Report" in the Company's 2023 Annual Report.

Profits Distribution Plan for 2023

An ordinary resolution will be proposed at the AGM to approve profits distribution plan of the Company for 2023.

As audited by Grant Thornton Zhitong Certified Public Accountants LLP, China Aluminum International Engineering Corporation Limited incurred a loss in the consolidated financial statements for 2023, as of 31 December 2023, the undistributed profit of the parent company was a loss of RMB231,949,800, and the Company had no profit available for distribution. In order to ensure the Company's continuous and stable operation and the long-term interests of all Shareholders, the Company's Board has comprehensively considered the Company's 2024 business plan and capital requirements, and decided that the Company will not distribute profits, nor convert capital reserve to the share capital in 2023.

LETTER FROM THE BOARD

Capital Expenditure Plan for 2024

An ordinary resolution will be proposed at the AGM to approve the capital expenditure plan for 2024.

According to the business plan of the Company for 2024, in order to improve decision-making efficiency and seize market opportunities in a timely manner, the Company has prepared the capital expenditure plan for 2024 and relevant authorizations, as follows:

I. Capital Expenditure Plan of the Company for 2024

The Company's capital expenditure plan for 2024 is as follows: RMB91 million for fixed asset investment, representing RMB91 million for miscellaneous addition of fixed asset; RMB3.85 million for digital project; RMB21.12 million for technology and industrialization. The total amount of the capital expenditure plan is RMB115.97 million.

II. Authorization

In order to enhance decision-making and management efficiency, it is proposed to submit to the Board, which in turn will submit to the general meeting for approval of the total amount of capital expenditure for the aforesaid limit and the grant of the following authorizations:

- (I) to authorize the management of the Company to execute the capital expenditure plan for 2024, and to review and sign the relevant legal documents;
- (II) to authorize the Board to make adjustment(s) to the total amount of the capital expenditure in response to market changes and the needs of the business development of the Company, provided that such adjustment shall not exceed 30% of the total amount of the capital expenditure plan for 2024;
- (III) to authorize the management of the Company to, prior to the implementation of the Company's final decision process on the capital expenditure plan for 2025, temporarily execute the capital expenditure of that year subject to the total amount of the Company's capital expenditure plan for 2024.

LETTER FROM THE BOARD

Purchase of Liability Insurance for Directors, Supervisors and Senior Management

An ordinary resolution will be proposed at the AGM to approve the purchase of liability insurance for Directors, Supervisors and senior management.

As the liability insurance for the Directors, Supervisors and senior management of the Company for 2023 to 2024 will expire on 5 July 2024, in order to protect reasonable interests of the Company itself and the Directors, Supervisors and senior management, the Company intends to purchase liability insurance for Directors, Supervisors and senior management for another term of one year.

The Company proposes that the directors, supervisors and senior management liability insurance for the year 2024 to 2025 be carried out by Ping An Property Insurance Company of China Limited as the insurer, with a 100% share covered. The amount of insurance is US\$25 million, the total premium (including VAT) is US\$70,000, and the insurance is valid from July 6, 2024 to July 5, 2025.

It is proposed that the Chairman of the Board or any other person authorised by the Chairman of the Board be authorized to be responsible for all matters relating to the above-mentioned purchase of the liability insurance for Directors, Supervisors and senior management and to execute all relevant documents.

Remuneration Standards of Directors and Supervisors for 2024

An ordinary resolution will be proposed at the AGM to approve the remuneration standards of Directors and Supervisors for 2024.

LETTER FROM THE BOARD

The following is the remuneration standards of Directors and Supervisors of China Aluminum International Engineering Corporation Limited for 2024:

Unit: RMB'0,000

Position	Remuneration Standard	Remarks
Executive Director	58.5-78	–
Non-executive Director	0	Non-executive directors (excluding independent non-executive Directors) who do not hold senior management positions in the Company shall not receive any remuneration from the Company.
Independent Director	12	After tax
Employee representative Supervisor	0	Employee representative Supervisors shall not receive any remuneration as Supervisors.
Shareholder representative Supervisor	0	Supervisors who do not hold other positions in addition to their functions as Supervisors in the Company shall not receive any remuneration from the Company.

Note: The remuneration standards of executive Directors mentioned above are annual standards. The final annual remuneration for Executive Directors shall also be subject to the Company's annual performance assessment, incentive remuneration, work-related transport allowance, and housing allowance.

Renewal of appointment of the Accounting Firm

An ordinary resolution will be proposed at the AGM to approve the renewal of appointment of the accounting firm.

The Company has appointed Grant Thornton Zhitong Certified Public Accountants LLP as the Company's auditor for the year 2023 to audit the annual financial statements and internal controls, etc., and assume the duties of auditors in accordance with the listing rules of the SSE and the Stock Exchange.

LETTER FROM THE BOARD

In view of the successful completion of the 2023 audit of the Company and other matters commissioned by Grant Thornton Zhitong Certified Public Accountants LLP, upon review by the Audit Committee of the Board of the Company and consideration by the Board of the Company, it is proposed to renew the appointment of Grant Thornton Zhitong Certified Public Accountants LLP as the Company's accounting firm for the year 2024 until the conclusion of the 2024 annual general meeting, the total audit service fee for 2024 shall not exceed RMB5.1 million.

RENEWAL OF FINANCIAL SERVICES AGREEMENT

I. BACKGROUND

References are made to the Company's announcements dated 29 March 2021, circular dated 4 June 2021 and poll results announcement for the 2020 annual general meeting dated 25 June 2021 (the **"2020 Annual General Meeting"**). Upon consideration and approval by the 2020 Annual General Meeting, the Company and Chinalco Finance renewed the financial services agreement (the **"Original Financial Services Agreement"**), pursuant to which Chinalco Finance may provide the Company and its subsidiaries (the **"Group"**) with certain services. Reference is also made to the Company's announcement dated 28 March 2024. The Original Financial Services Agreement came into effect upon consideration and approval by the 2020 Annual General Meeting with a term of three years. As the Original Financial Services Agreement will soon expire, the Company hereby proposes to enter into a new financial services agreement (the **"New Financial Services Agreement"**) with Chinalco Finance with a term from the date of approval by the general meeting of the Company to 31 December 2026. The Original Financial Services Agreement will be terminated after the New Financial Services Agreement is executed and becomes effective.

II. NEW FINANCIAL SERVICES AGREEMENT

Signing date

28 March 2024

Parties

- (1) Chinalco Finance, as the service provider (being a connected person);
- (2) the Company, as the service recipient

LETTER FROM THE BOARD

Effective date and term

The New Financial Services Agreement shall take effect from the date of approval by the general meeting of the Company to 31 December 2026.

Principal terms

- (1) Pursuant to the New Financial Services Agreement, the Group and Chinalco Finance will cooperate on a non-exclusive basis, thereby allowing the Group to select other financial institutions for financial services at its discretion;
- (2) The Group and Chinalco Finance shall cooperate and implement this agreement on an equal and voluntary, complementary, mutually beneficial, jointly developing and win- win principle; and
- (3) Chinalco Finance shall provide the following financial services to the Group in accordance with the above service principles, with the major service terms (pricing policies inclusive) as below:

(a) Deposit Services

- i. The Group will open deposit accounts at Chinalco Finance, and deposits their funds into the deposit accounts opened at Chinalco Finance based on the principle of free access to the accounts. Deposit can be in the form of current deposit, time deposit, call deposit, agreement savings and etc.;
- ii. The interest rates for deposits on the Deposit Services to be offered by Chinalco Finance to the Group will not be lower than the benchmark interest rate for deposits published uniformly by the PBOC from time to time for the deposits with the same term and type, not lower than the interest rate for deposits offered by major commercial banks in the PRC for deposits with the same type during the same period, and not lower than the interest rate for deposits offered by Chinalco Finance to Chinalco and its group companies for deposits with the same type during the same period;
- iii. Chinalco Finance guarantees the safety of the funds deposited by the Group, and promptly and fully satisfy any withdrawal request raised by the Group. If Chinalco Finance fails to pay the deposits to the Group on time and in full upon request, the Company shall be entitled to terminate this agreement and offset any such deposits payable by Chinalco Finance to the Group with the loans due to Chinalco Finance by the Group according to laws and regulations; and
- iv. The daily maximum deposit balance (including accrued interests) of the Group on the deposit account in Chinalco Finance shall not exceed RMB6 billion within the validity period of the New Financial Services Agreement.

LETTER FROM THE BOARD

(b) Settlement Services

- i. Chinalco Finance will provide payment and receipt services as well as other ancillary services relating to Settlement Services to the Group in accordance with the Group's instructions;
- ii. Chinalco Finance will provide the Group with the above Settlement Services for free; and
- iii. Chinalco Finance shall ensure the secure operation of its fund settlement network, protect the safety of funds, control risk of assets and liabilities and satisfy the payment needs of the Group.

(c) Credit Lending Services

- i. Conditional upon satisfying the relevant national laws and regulations, Chinalco Finance will provide comprehensive Credit Lending Services to the Group based on the operational and development needs of the Group, while the Group may utilize the comprehensive Credit Lending Services provided by Chinalco Finance to handle loans, bills acceptance, bills discounting, guarantee and financing business in other forms;
- ii. Chinalco Finance undertakes to provide the Group with favourable interest rate for loans, which shall not be higher than the benchmark interest rate for loans published uniformly by the PBOC from time to time for loans with the same type and term, and not higher than the interest rate charged by major commercial banks in the PRC for the loans with the same type during the same period;
- iii. Chinalco Finance shall provide credit facilities to the Group on normal commercial terms and no security is to be granted by the Group over its assets;
- iv. For specific matters related to the Credit Lending Services, the parties shall enter into separate agreement(s); and
- v. The daily maximum balance (including accrued interests) of the loans provided by Chinalco Finance to the Group shall not exceed RMB8 billion within the validity period of the New Financial Services Agreement.

LETTER FROM THE BOARD

(d) Factoring Services

- i. Conditional upon satisfying the relevant national laws and regulations, Chinalco Finance will provide Factoring Services for accounts receivable to the Group based on the operational and development needs of the Group;
- ii. Costs of the Factoring Services that Chinalco Finance undertakes to provide to the Group are not higher than the similar costs of major factoring companies in China during the same period;
- iii. For specific matters related to the Factoring Services, the parties shall enter into separate agreement(s); and
- iv. The daily factoring business limit provided by Chinalco Finance to the Group shall not exceed RMB2 billion within the validity period of the New Financial Services Agreement.

(e) Miscellaneous Financial Services

- i. Chinalco Finance will provide entrusted loans and miscellaneous financial services within its operation scope to the Group according to the instructions and requirements of the Group, and before Chinalco Finance provides miscellaneous financial services for the Group, both parties shall negotiate and enter into independent agreements;
- ii. The fees charged by Chinalco Finance for the provision of miscellaneous financial services shall be in compliance with the fees standard prescribed by the PBOC or the China Banking Regulatory Commission in respect of such services, and shall not exceed those charged by the major commercial banks in the PRC for the provision of the same type of financial services; and
- iii. The fees charged by Chinalco Finance for the provision of the miscellaneous financial services to the Group for the three years ending 31 December 2026 shall not exceed RMB3.4 million, RMB3.3 million and RMB3.3 million, respectively, within the validity period of the New Financial Services Agreement.

On the premise of complying with this agreement, the Group and Chinalco Finance shall further enter into specific contracts/agreements, respectively, for the provision of relevant specific financial services to agree on specific transaction terms. Such specific contracts/agreements shall comply with the principles, terms of this financial services agreement and the relevant requirements under the law.

LETTER FROM THE BOARD

- (4) Chinalco Finance shall give a written notice to the Group within two business days and adopt measures to prevent occurrence of damage or its increase if:
- (a) Material events, including bank runs, incapable of settling due significant indebtedness, overdue of significant loan or advance in significant guarantees, involvement of criminal cases by directors or senior managements, occur in Chinalco Finance;
 - (b) Material institutional changes or operational risks, which affect or may affect the normal operations of Chinalco Finance, occur;
 - (c) Liabilities of Chinalco Finance have been outstanding for over six months by Chinalco Finance's shareholders;
 - (d) Any gearing ratio indicator of Chinalco Finance has not complied with the requirement of the Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》);
 - (e) Material situations, including administrative penalty imposed and rectification ordered by regulatory authorities such as the NFRA, occur in Chinalco Finance; and
 - (f) Other matters, which may create significant safety concerns to the Group's deposits, occur.

LETTER FROM THE BOARD

III. HISTORICAL FIGURES AND PROPOSED ANNUAL CAPS (RMB MILLION)

Transactions	For the year ended		2023	For the	For the year ending		2026
	2021	31 December		period from	2024 to	31 December	
				1 January			
				2024 to			
				28 March			
				2024			

LETTER FROM THE BOARD

- Note 1:* The Group opened deposit accounts at Chinalco Finance and Chinalco Finance provided Settlement Services related to such deposit accounts. The total cash inflow and outflow to the Group's deposit account opened at Chinalco Finance amounted to RMB158,985 million, RMB146,181 million, RMB234,824 million and RMB39,414 million for the three years ended 31 December 2023 and for the period from 1 January 2024 to 28 March 2024, respectively. Chinalco Finance provided and will provide the Group with the Settlement Services for free. Since the Settlement Services provided by Chinalco Finance to the Group are free of charge and such services are on normal commercial terms or better terms, the Settlement Services and the proposed annual caps thereon are fully exempted from the shareholders' approval, annual review and all disclosure requirement under Rule 14A.76 of the Listing Rules.
- Note 2:* According to the New Financial Services Agreement, the daily loan balance (including accrued interest) provided by Chinalco Finance to the Group shall not exceed RMB8 billion. Since the Credit Lending Services provided by Chinalco Finance to the Group are on normal commercial terms and on terms that are no less favourable than those offered by independent third parties to the Group for comparable services in the PRC, and no assets will be provided by the Group as security over the Credit Lending Services, the Credit Lending Services are fully exempted from the shareholders' approval, annual review and all disclosure requirement under Rule 14A.90 of the Listing Rules.
- Note 3:* The Group's factoring business is generally divided into factoring with recourse and factoring without recourse. The caps of factoring include the aggregated amount of all types of factoring, namely factoring with or without recourse, and other forms (if applicable). For factoring with recourse, once the factoring financing contract takes effect, the quota will then be occupied. With the collection or repurchase of accounts receivable, the amount previously occupied due to factoring financing will be released, and the corresponding quota can be applied on a revolving basis; for factoring without recourse, once a factoring financing transaction occurs, the quota will be occupied within that year. Judging from the Group's factoring business with other parties in the past, factoring financing with recourse accounted for a relatively large proportion. According to the New Financial Services Agreement, the daily factoring business limit provided by Chinalco Finance to the Group shall not exceed RMB2 billion. For the avoidance of doubt, the daily factoring business limit herein does not exceed RMB2 billion, which means, at any point in the year, the total outstanding balance of factoring with recourse and the cumulative amount of factoring without recourse should not exceed RMB2 billion.
- Note 4:* The total fees charged by Chinalco Finance for the provision of miscellaneous financial services to the Group shall not exceed RMB10 million within the validity period of the original Financial Services Agreement. As all the applicable percentage ratios in respect of the miscellaneous financial services falls below the de minimis threshold for exemption as stipulated under Rule 14A.76 of the Listing Rules, the miscellaneous financial services are fully exempted from the shareholders' approval, annual review and all disclosure requirement under Rule 14A.76 of the Listing Rules.

IV. BASIS FOR THE DETERMINATION OF ANNUAL CAPS

(1) *Deposit Services*

The daily deposit balance (including accrued interests) of the Group on the deposit accounts in Chinalco Finance shall not exceed RMB6 billion pursuant to the New Financial Services Agreement, that is, within the validity period of the New Financial Services Agreement, the maximum daily deposit balance (including accrued interest) of the Group in Chinalco Finance's deposit accounts shall not exceed RMB6 billion each year.

In determining the above proposed caps of the Deposit Services, the Company has taken into account:

- (a) the growing business of the Group and the anticipated increase in the daily balances of deposits of the Group due to the Company's focus on cash flow collection and strict implementation of cash flow control measures;
- (b) Chinalco Finance has established a fund settlement platform with enriched functions, high efficiency, safety and reliability. The Group's deposits in the accounts of Chinalco Finance can be used for fund settlement business through such fund settlement platform at any time. Maintaining the existing limit of the Deposit Services of the Group and Chinalco Finance will continue to significantly reduce the number of fund transfers by the Group, so as to improve capital management and control efficiency;
- (c) Since Chinalco Finance has exempted the Group from all settlement fees, therefore, the Group will increase the scale of deposits in Chinalco Finance in the future, thereby further increasing the percentage of settlement business volume in Chinalco Finance, which will also reduce handling fees and in turn control financial costs of the Group;
- (d) The interest rate for the deposits of the Group with Chinalco Finance is generally superior to the interest rate for the same type of deposit announced by PBOC for the same period and the interest rate for the same type of deposit offered by the major commercial banks in the PRC for the same period. Therefore, increasing the amount of deposits made by the Group in Chinalco Finance will directly increase deposit interest income, which is beneficial to improving the level of the Group's capital gains; and
- (e) Chinalco Finance is under the supervision of the NFRA and has been maintaining satisfactory operating results and financial position which complied with the gearing ratio indicator as provided in the Measures for the Administration of Finance Companies of Enterprise Groups with good risk control and well-regulated management in its track record. The safety standards of its settlement system reach the standards of domestic commercial banks.

LETTER FROM THE BOARD

The Directors are of the view that the deposit transactions do not have any impact on the assets and liabilities of the Group. Instead, the Group can earn interests from the deposit transactions. The cooperative relationship between the Group and Chinalco Finance was a non-exclusive cooperative relationship. The Group has deposited the remaining cash with several other independent financial institutions. Chinalco Finance has undertaken the security of the deposits of the Group and the provision of proper mitigation measures, and it shall pay the amount in full in a timely manner when such fund demand is raised by the Group. Accordingly, the Company considers that placing deposits with Chinalco Finance allows the Group to have lower risk exposure and to enjoy a higher level of security than placing the deposits with other independent financial institutions, and the above proposed cap is fair and reasonable.

(2) Settlement Services

Since the Settlement Services provided by Chinalco Finance to the Group are free of charge and such services are on normal commercial terms or better, the Settlement Services and the proposed annual caps thereon are fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Listing Rules.

(3) Credit Lending Services

According to the New Financial Services Agreement, the daily balance (including accrued interests) of the loans provided by Chinalco Finance to the Group shall not exceed RMB8 billion. As the Credit Lending Services provided by Chinalco Finance to the Group will be on normal commercial terms and on terms that are no less favourable than those offered by independent third parties to the Group for comparable services in the PRC, and the Group will not provide any asset guarantees for Credit Lending Services, therefore, the Credit Lending Services and the proposed annual caps thereon are fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

(4) Factoring Services

The daily factoring business limit provided by Chinalco Finance to the Group shall not exceed RMB2 billion pursuant to the New Financial Services Agreement, that is, within the validity period of the New Financial Services Agreement, the daily factoring business limit shall not exceed RMB2 billion.

In determining the proposed caps of the above factoring services, the Board has taken into account:

- (a) The industry characteristics of the Group's engineering and construction contracting business in general, the prolonged collection period of accounts receivable, the higher carrying balance; and the future growth of the business scale of the Group, the Group has sufficient accounts receivable for factoring financing in the future. As at 31 December 2023, the Group had accounts receivable of RMB15,114,750,000;

LETTER FROM THE BOARD

- (b) Carrying out factoring business can effectively help the Group meet the demand for lowering receivables, quickly recover funds, and improve asset turnover efficiency. As a result of the losses position in recent years, gearing ratios of certain subsidiaries of the Company have increased. In order to facilitate the recovery of receivables, the Company and Chinalco Finance have decided to retain the Factoring Services;
- (c) Factoring business of Chinalco Finance generally has a shorter term, the interest rate will be lower than the factoring cost of professional factoring companies, and the amount of business incurred in the future is expected to increase significantly. The Company's short-term borrowings and non-current liabilities due within one year totalled approximately RMB3.70 billion. In particular, borrowings with interest rates higher than the Company's average borrowing rates as at 31 March 2024 amounted to approximately RMB1.82 billion, which was close to the annual cap of RMB2 billion;
- (d) Chinalco Finance is under the supervision of the NFRA and has been maintaining satisfactory operating results and financial position in its track record; and
- (e) The Factoring Services between the Group and Chinalco Finance will be on normal commercial terms and on terms that are no less favourable than those offered by independent third parties for comparable services in the PRC.

Therefore, the Board proposed that the daily factoring business limit provided by Chinalco Finance to the Group under the New Financial Services Agreement shall not exceed RMB2 billion, and considered that such proposed caps are fair and reasonable.

(5) *Miscellaneous Financial Services*

For the three years ending 31 December 2026, the fees to be charged by Chinalco Finance for the provision of the miscellaneous financial services to the Group shall not exceed RMB3.4 million, RMB3.3 million and RMB3.3 million, respectively, pursuant to the New Financial Services Agreement. All the applicable percentage ratios in respect of the miscellaneous financial services fall within the de minimis threshold for exemption under Rule 14A.76 of the Listing Rules, therefore, the miscellaneous financial services and the proposed annual caps thereon are fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Listing Rules.

LETTER FROM THE BOARD

V. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

- (1) With the expansion of the Group's scale of business, the monetary capital will increase accordingly. It is expected that as business increases, the Group's deposits in Chinalco Finance will also increase;
- (2) The interest rates on the Deposit Services offered by Chinalco Finance to the Group and the handling charges related to the miscellaneous financial services (as the case may be) shall be no less favourable than those offered by any independent third party to the Group;
- (3) The Settlement Services through Chinalco Finance will strengthen the Company's centralized management of its subsidiaries' funds and help the Group's members to allocate funds more efficiently. In addition, the Group can make full use of Chinalco Finance's preferential policies for free settlement business to reduce its bank charges and financial costs;
- (4) Chinalco Finance provides the Group with an alternative to securing loans from other financial institutions, which will in turn enhance the liquidity within the Group, strengthen the overall solvency of the Group, and assist to monitor the financial risks. Such arrangements will resolve the liquidity demands of individual subsidiaries of the Company and enable the Company to centralise its management of the Group's credit limits and loan targets through Chinalco Finance;
- (5) The arrangements under the New Financial Services Agreement will help save financial costs, so as to increase the profitability of the Group;
- (6) The factoring financing business of Chinalco Finance has the following advantages: Firstly, subsidiaries of the Company can expand financing channels to meet part of the daily financing needs when bank facility is generally tight. Secondly, funds can be collected in advance for accounts receivable of certain quality customers, which lowers the fund occupation arising from accounts receivable; and
- (7) Chinalco Finance, which is regulated by the PBOC and the NFRA, lawfully holds the "Financial Licenses (《金融許可證》)" and provides its services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities within permitted scope. In this connection, Chinalco Finance has been regularly filing with the NFRA. The customers of Chinalco Finance is restricted to only units within Chinalco. As such, Chinalco Finance has relatively controllable risk exposure and has not received any non-compliance notice or been imposed of any penalty from the NFRA since its establishment.

LETTER FROM THE BOARD

VI. MEASURES FOR INTERNAL CONTROL

The Company has adopted a series of internal control measures, including:

- The Company has adopted and implemented a set of management measures on connected transactions. According to the measures, the finance department is responsible for collecting and monitoring information on connected transactions, and evaluating the fairness of the transaction terms and the pricing terms;
- The Company has established a detailed list of connected persons. Any transaction, if involving any connected person of the Company, will be reported in a timely manner. Accordingly, the responsible department of the Company may keep track of the amount of connected transactions and ensure that such amount will not exceed the annual caps;
- Prior to the implementation of certain financial services, the principal officers who handle the relevant matters shall submit applications to the finance department, and such applications will only be approved upon preliminary review and final review conducted by the head of the finance department and the chief financial officer of the Company pursuant to the relevant internal control policies of the Group;
- The Directors of the Company have also reviewed and will continue to review the New Financial Services Agreement and the transactions thereunder to ensure that the agreement is entered into on normal commercial terms, and is in the interest of the Company and its Shareholders as a whole;
- There are additional risk control measures to be implemented by the Company, such as (a) the relevant person in charge of the finance department of the Company monitors the maximum daily deposit balance and interest of the Group's deposits in the accounts of Chinalco Finance daily to ensure that the total amount does not exceed the annual cap; where the deposit balance on that day is anticipated to exceed the annual cap, the anticipated excess amount will be transferred to a third-party bank account designated by the Company after the relevant fund transfer procedures are performed; (b) requiring Chinalco Finance to issue monthly deposit transaction record statements to the Group so that the Group can timely monitor the safety of its deposit and reconcile any difference (if any); and (c) requiring Chinalco Finance to provide copies of its quarterly financial statements to the Company on demand so that the Company can timely monitor the financial status of Chinalco Finance;
- The Company compares the deposit rates of Chinalco Finance with the deposit rates of major domestic commercial banks on a monthly basis; if the benchmark interest rate published by the PBOC for similar deposits with similar terms has been adjusted, the Company will compare it on the date of adjustment, in order to ensure that the deposit interest rate offered by Chinalco Finance is not lower than the deposit interest rates offered by the above independent third parties;

LETTER FROM THE BOARD

- Before making deposits in Chinalco Finance, the Company will communicate with Chinalco Finance and at least three independent commercial banks or financial institutions. The deposit interest rates for similar deposits with similar terms provided by Chinalco Finance and independent commercial banks or financial institutions will be sent to the Company for comparison. If the Company notices that the deposit interest rate for similar deposits with similar terms provided by Chinalco Finance is lower than the deposit interest rate for similar deposits with similar terms provided by major domestic commercial banks, the Group will not place deposits in Chinalco Finance, or it will negotiate with Chinalco Finance to re-determine the interest rate;
- For the same factoring transaction, the Company shall ensure that at least one independent third party will participate in quotation as a supplier. The finance department shall conduct integrated comparison on the quotation materials submitted by no less than two suppliers, and assess the fairness of transaction and pricing terms. If the contract terms are comparable or similar, the one with a lower price shall be selected initially. Officers handling the relevant matters shall submit a report to the head of the finance department and the chief financial officer of the Company to illustrate the details of the preliminary candidate for approval. Under special circumstances where there are no third party participating in the quotation, the financing unit and the Company's finance department shall analyze the necessity of factoring financing and carry out relevant factoring financing after decision-making and approval;
- The Company appoints a designated person to be responsible for the statistics and tracking of factoring business, ensuring that the outstanding balance of factoring with recourse and the cumulative amount incurred under factoring without recourse do not exceed RMB2 billion in total each year;
- All continuing connected transactions are reviewed and verified by the independent non- executive Directors on a yearly basis; and
- The Company's auditor will also conduct an annual review of the pricing and annual caps of such continuing connected transactions.

VII. GENERAL INFORMATION

Information on the Company

The Company is a leading technology, service, equipment and product provider of integrated solutions in the nonferrous metals industry in China, and is capable of providing a full range of integrated technology and engineering design and construction services for various businesses throughout the nonferrous metals industry chain. The Company's businesses mainly include engineering survey, design and consultancy, engineering construction and contracting and equipment manufacturing.

LETTER FROM THE BOARD

Information on Chinalco

Chinalco is a state-owned enterprise established under the laws of the PRC in 2001. Chinalco is a controlling Shareholder of the Company and directly holds 73.56% of the issued share capital of the Company. Chinalco is principally engaged in mineral resources development, smelting and processing of non-ferrous metals, relevant trading and engineering and technical services. The ultimate beneficial owner of Chinalco is the State-owned Assets Supervision and Administration Commission of the State Council.

Information on Chinalco Finance

Chinalco Finance is a limited liability company incorporated in the PRC in June 2011 with the approval of the China Banking and Insurance Regulatory Commission (currently known as the National Financial Regulatory Administration), which is 85.24% held by Chinalco, 10% held by Chinalco Capital and 4.76% held by Chinalco Asset Management. The business scope of Chinalco Finance includes corporate group finance company services (projects that require approval according to law can only be carried out with the approval of relevant departments. Specific business projects shall be subject to the approval documents or licenses of relevant departments. Business activities that are prohibited or restricted by national and municipal industrial policies are not allowed). The ultimate beneficial owner of Chinalco Finance is Chinalco.

VIII. IMPLICATIONS OF THE LISTING RULES

As of the Latest Practicable Date, Chinalco directly holds 73.56% of the existing issued share capital of the Company and is the controlling Shareholder of the Company and thus a connected person of the Company. Meanwhile, Chinalco directly or indirectly holds 100% equity interests of Chinalco Finance, and is a controlling shareholder of Chinalco Finance. Accordingly, Chinalco Finance is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the New Financial Services Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Deposit Services and the Factoring Services under the New Financial Services Agreement and their proposed annual caps exceed 5%, therefore, the Deposit Services and the Factoring Services under the New Financial Services Agreement and their proposed annual caps are subject to the announcement, reporting and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Settlement Services provided by Chinalco Finance to the Group under the New Financial Services Agreement will be free of charge and each of the applicable percentage ratios of the miscellaneous financial services meets the de minimis threshold for exemption under Rule 14A.76 of the Listing Rules, the Settlement Services and the Miscellaneous Financial Services are fully exempted from reporting, announcement and Independent Shareholders' approval requirements of the Rule of 14A.76 of the Listing Rules.

LETTER FROM THE BOARD

As the Credit Lending Services provided by Chinalco Finance to the Group under the New Financial Services Agreement are on normal commercial terms that are no less favourable than those offered by independent third parties to us for comparable services in the PRC, and no security will be provided by the Group over the Credit Lending Services, the Credit Lending Services are fully exempted from reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

As the highest applicable percentage ratio of the Deposit Services under the New Financial Services Agreement is more than 25% but less than 75%, the Deposit Services constitute major transactions of the Company under Chapter 14 of the Listing Rules and shall be subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio of the Factoring Services under the New Financial Services Agreement is more than 5% but less than 25%, the Factoring Services constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and shall be subject to announcement and reporting requirements under Chapter 14 of the Listing Rules.

Under Rule 14A.36 of the Listing Rules, any connected person and any Shareholders and their associates who have material interests in the contemplated transactions are required to abstain from voting in respect of the relevant resolutions at the general meeting.

IX. CONFIRMATION OF DIRECTORS

The Board has considered and passed the resolutions in respect of the New Financial Services Agreement and the transactions contemplated thereunder. As Mr. ZHOU Xinzhe (周新哲) and Mr. ZHANG Decheng (張德成) holds management positions in the subsidiaries of Chinalco and therefore are deemed to have material interests in the above transactions, they have abstained from voting on the above resolutions. Save for Mr. ZHOU Xinzhe and Mr. ZHANG Decheng, none of the other Directors has interests in the above transactions.

The Directors are of the view that the New Financial Services Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are on normal commercial terms. The terms of the New Financial Services Agreement (including the relevant annual caps) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Election of non-independent Directors of the Fourth Session of the Board of the Company

Reference is made to the announcement of the Company dated 28 March 2024. The Board is pleased to announce the proposed election of Mr. LIU Dongjun as an executive Director and the proposed election of Mr. YANG Xu as a non-executive Director of the fourth session of the Board of the Company for a term commencing from the date of passing of the election at the shareholders' general meeting to the date of expiration of the term of office of the fourth session of the Board. After the aforesaid candidates being elected as directors at the general meeting of the Company, they will exercise their powers and functions lawfully in accordance with the provisions of the Articles of Association.

LETTER FROM THE BOARD

As of the Latest Practicable Date, the details of Mr. LIU Dongjun and Mr. YANG Xu required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules are set out below:

Mr. LIU Dongjun, aged 53, is currently the deputy Party secretary and labour union chairman of the Company. He has obtained a master's degree in economics and is a senior economist. He was the attaché of the Protocol Department of the Ministry of Foreign Affairs; third secretary of the Commissioner's Office of China's Foreign Ministry in the Hong Kong S.A.R; secretary (director-level) of the Secretariat of the General Office of the Ministry of Foreign Affairs; director of the Office and group leader of Overseas Chinese Affairs (Group Two) of the Consulate-General of China in San Francisco; first secretary of the Personnel Department and deputy director general (director-level) of Foreign Affairs Management (Second Division) of the Ministry of Foreign Affairs; head of the Foreign Affairs Department of the General Office (Foreign Affairs Office), deputy director and secretary of Party Group of the General Office (Board Office, Foreign Affairs Office), deputy general manager and secretary of Party Group of the Comprehensive Management Department (Board Office, Foreign Affairs Office), deputy director and secretary of Party Group of the Office (Party Group Office, Board Office, Foreign Affairs Office), and other positions at Chinalco.

Mr. YANG Yu, aged 55, is currently a full-time director of a subsidiary of Chinalco. He graduated with a PhD degree and a doctorate in economics and is a senior accountant. He was a staff member of the Kaijiang Sub-branch of Bank of China Dachuan Branch, a staff member of the Party committee propaganda department and a departmental secretary of the Party committee of the organization of China Construction Bank Yunnan Branch, a deputy director of the self-discipline department and a deputy director of the education and training department of China Banking Association, a post-doctoral fellow at the post-doctoral workstation and a manager of the risk management and legal compliance department of China Reinsurance (Group) Corporation, deputy manager and manager of the financial business management department and manager of the overseas financing (direct business) department of Guodian Capital Holdings Co., Ltd., manager of the disciplinary inspection department, manager of the investment banking department and manager of the audit department of Guodian Capital Holdings Co., Ltd. (Guodian Finance Co., Ltd.), supervisor of Alltrust Insurance Company Limited, deputy general manager, director of security, and general manager of the legal and risk control audit department of Chinalco Capital Holdings Limited, chairman of the board of supervisors and chairman of the board of directors of Chinalco Insurance Brokers (Beijing) Co. Ltd., and chairman of the board of supervisors of Chinalco Finance Lease Co., Ltd., vice general manager of Chinalco Finance Company Limited etc.

Save as disclosed above, each of Mr. LIU and Mr. YANG confirmed that: (1) they do not hold any position in the Company or any of the subsidiaries of the Company or hold any director or supervisor position in any other listed companies in the past three years; (2) they do not have any relationship with any other directors, supervisors, senior management or Substantial Shareholders or Controlling Shareholders of the Company or any of the subsidiaries of the Company; and (3) as of the Latest Practicable Date, they do not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

LETTER FROM THE BOARD

Save as disclosed above, each of them confirmed that there is no other information that shall be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules, nor any other matters in relation to their appointments as the directors of the Company that need to be brought to the attention of the Shareholders of the Company.

If appointed as directors at the AGM, Mr. LIU and Mr. YANG will enter into service contracts with the Company. During his term of office as an executive director of the Company, Mr. LIU's remuneration will be determined based on the relevant remuneration standard of the Company. In addition, his final annual remuneration will be subject to the Company's annual performance review, and the distribution of incentive remuneration, work-related transportation allowance and housing allowance. He will not receive additional director's allowance for serving as an executive director of the Company. Mr. YANG, as a non-executive director who does not serve as senior management of the Company, will not receive remuneration from the Company. For details of the amount of remuneration of directors of the Company, please refer to the annual report of the Company to be published in due course.

Election of an independent Director of the Fourth Session of the Board of the Company

Reference is made to the announcement of the Company dated 28 March 2024.

Mr. GUI Weihua will resign as an independent non-executive director of the Company, the chairman and member of the remuneration committee of the Board and member of the Nomination Committee and strategy committee of the Board upon the election of the new independent non-executive director at the 2023 annual general meeting of the Company as his consecutive term of office as independent non-executive director had reached six years. Pursuant to the relevant provisions of, amongst others, the Articles of Association, the Board is pleased to announce that a proposal to nominate Mr. ZHANG Tingan as an independent non-executive director candidate of the fourth session of the Board was considered and approved at the Board Meeting. Mr. ZHANG shall lawfully exercise duties pursuant to the rules such as the Articles of association and his term of office will commence from the date of approval by the general meeting of the Company until the end of term of the fourth session of the Board.

As of the Latest Practicable Date, the details of Mr. ZHANG Tingan required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules are set out below:

Mr. ZHANG Tingan, aged 64, Ph.D. degree, second class professor, doctoral tutor, currently serves as the director of Institute of Special Metallurgy and Process Engineering, College of Metallurgy, Northeastern University, and Director of Engineering Research Center of Department of Education of Non-Ferrous Metal Process Technology, President of Dongda Institute of Non-Ferrous Metal Solid Waste Technology. He was an assistant professor, lecturer and associate professor of the Department of Nonferrous Metallurgy, professor, deputy director and deputy chief of the Department of Nonferrous Metallurgy, deputy dean and dean of the College of Materials and Metallurgy, director of Library, deputy director of the Key Laboratory of the Ministry of Education for the Ecological Metallurgy of Polymetallic Symbiotic Ore of Northeastern University, director of Fushan Zibo Northeastern University Institute of Industry and Technology, and executive director of China Aluminum Central Research Institute Southeast Branch. Mr. ZHANG also serves as the chairman of Dongda Nonferrous Solid Waste Technology Research Institute (Liaoning) Company Limited, independent director of Chaoyang Jinda Titanium Company Limited, and independent director of Jiangsu Tiangong Science and Technology Company Limited.

LETTER FROM THE BOARD

Mr. ZHANG has confirmed that (1) he has met all the independence criteria set out in items (1) to (8) of Rule 3.13 of the Listing Rules; (2) he has no past or present financial or other interests in the business of the Company or its subsidiaries and does not have any connection with any core connected persons (as defined in the Listing Rules) of the Company; and (3) there are no other factors that may affect his independence at the time of his nomination as an independent non-executive director. The Board considers that he meets the independence requirements set out in Rule 3.13 of the Listing Rules.

Save as disclosed above, Mr. ZHANG confirmed that: (1) he does not hold any position in the Company or any of the subsidiaries of the Company, or hold any director or supervisor position in any other listed companies during last three years; (2) he does not have any relationship with any other directors, supervisors or senior management or substantial shareholders or controlling shareholders of the Company or any of the subsidiaries of the Company; and (3) he does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as at the Latest Practicable Date.

Save as disclosed above, Mr. ZHANG confirmed that there is no other information that shall be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules, nor any other matters in relation to his appointment as the director of the Company that need to be brought to the attention of the Shareholders of the Company.

If Mr. Zhang is appointed as a Director at the AGM, the Company will enter into a service contract with him. Mr. Zhang will receive a monthly remuneration of RMB10,000 after tax as an independent non-executive Director of the Company.

AGM AND CLASS MEETINGS

The AGM and the Class Meetings will be held at Conference Room 312 of China Aluminum International Engineering Corporation Limited, Building C, No. 99, Xingshikou Road, Haidian District, Beijing at 9:30 a.m. on Tuesday, 18 June 2024. The Notices of AGM and the Class Meetings are set out on pages 201 to 205 of this circular.

In order to determine the list of Shareholders who are entitled to attend the AGM and the Class Meetings to be convened on Tuesday, 18 June 2024, the register of members will be closed from Wednesday, 12 June 2024 to Tuesday, 18 June 2024, both days inclusive, during which time no transfer of the Company's Shares will be registered. The holders of H Shares of the Company shall lodge the relevant share transfer documents with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 11 June 2024.

LETTER FROM THE BOARD

VOTING BY POLL AT AGM AND CLASS MEETINGS

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the AGM and Class Meetings will therefore demand a poll for every resolution put to the vote of the AGM and Class Meetings pursuant to the Articles of Association.

On a poll, every Shareholder presents in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she uses in the same manner.

As at the Latest Practicable Date, Chinalco and its associates hold a total of 2,283,179,000 Shares (of which, Chinalco directly holds 2,176,758,534 A Shares of the Company, Luoyang Engineering & Research Institute for Nonferrous Metals Processing Co., Ltd. (hereinafter referred to as “Luoyang Institute”), a subsidiary of Chinalco, holds 86,925,466 A Shares of the Company, Yunnan Aluminum International Company Limited (hereinafter referred to as “Yunnan Aluminum International”), a subsidiary of Chinalco, holds 19,495,000 H Shares of the Company), representing approximately 77.16% of the total issued share capital of the Company. Chinalco and its associates (Luoyang Institute and Yunnan Aluminum International) would be required to abstain from voting on the resolutions for the renewal of the Financial Services Agreement.

Save as above-mentioned and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, there are no other Shareholders who have a material interest in the New Financial Services Agreement and the transactions contemplated thereunder. Therefore, no other Shareholders shall abstain from voting on the relevant resolution at the AGM.

RECOMMENDATIONS

An Independent Board Committee has been established for the purpose of considering the Deposit Services and its proposed caps, the Factoring Services and its proposed caps under the New Financial Services Agreement. The Independent Board Committee will advise the Independent Shareholders in relation to the Deposit Services and its proposed caps, the Factoring Services and its proposed caps under the New Financial Services Agreement. Gram Capital has been appointed as an Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the Deposit Services and its proposed caps, the Factoring Services and its proposed caps under the New Financial Services Agreement.

The Directors (excluding the Directors who have abstained from voting but including the independent non-executive Directors, having received and considered the advice from Gram Capital) are of the opinion that: (1) as the New Financial Services Agreement has and will continue to promote the Group’s business operations and growth, the continuation of such transactions will be beneficial to the Group; (2) the aforementioned continuing connected transactions and their annual caps were entered into on normal commercial terms and on terms no less favorable than those available to the Group from independent third parties under prevailing local market conditions, and were carried out in the ordinary and usual course of business of the Group; and (3) such transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution in respect of the Deposit Services and its proposed caps, the Factoring Services and its proposed caps under the New Financial Services Agreement as set out in this circular.

The Directors (including the independent non-executive Directors) consider that the terms of the 2023 Restricted Share Incentive Scheme are in line with the purpose of the 2023 Restricted Share Incentive Scheme as set out in the scheme documents. Specifically:

- (i) the Participants include: (1) Directors and senior management of the Company; (2) other management personnel of the Company; and (3) core technical (business) backbone personnel of the Company. The Participants of the Scheme are determined in accordance with the relevant requirements of the Company Law, the Securities Law, the Management Measures, Circular No. 175, Circular No. 171, Circular No. 102, Circular No. 178, along with other relevant laws, regulations, prescriptive documents and the Articles of Association, in combination with the actual circumstances of the Company, and all of the Participants must have a labor or employment relationship with the Company or the Company's subsidiaries. The Participants and the basis for determining the eligibility of the Participants are in line with the purpose of the 2023 Restricted Share Incentive Scheme, can achieve the incentive and restraint on the middle and senior management and core backbone personnel of the Company to more tightly align their interests with the long-term development of the Company, and enable them to take on risks while sharing interests together, as well as fully mobilise their enthusiasm and creativity. This can promote the long-term behaviour of decision makers and operators, enhance the Company's organic growth momentum, improve its cohesion and market competitiveness, and promote the sustainable and high-quality development of the Company, which is in line with the purpose of the 2023 Restricted Share Incentive Scheme as well as the interests of the Company and its Shareholders as a whole;
- (ii) the Restricted Shares granted under the 2023 Restricted Share Incentive Scheme will be unlocked in three tranches, with each tranche having a Lock-up Period of 24 months, 36 months and 48 months respectively from the date of registration of the corresponding grant. These arrangements are in line with market practice and can ensure long-term employee loyalty, enhance the long-term sustainability of the Company's business development, and are in line with the purpose of the 2023 Restricted Share Incentive Scheme and the interests of the Company and its Shareholders as a whole;
- (iii) the indicators of the 2023 Restricted Share Incentive Scheme are divided into two levels, namely the performance appraisal at the company level and the performance appraisal at the individual level of the Participants. The Company has selected three indicators as performance appraisal indicators, namely cash return on net assets, compound growth rate of net profit attributable to shareholders of the parent company and improvement in value of economic value added. These three indicators can objectively reflect the

LETTER FROM THE BOARD

Company's profitability, growth and quality of earnings, and represent the core indicators of the Company's operating efficiency and effectiveness. In addition to the performance appraisal at the Company's level, the Company has established a rigorous performance assessment system for the Participants, which is capable of providing a more accurate and comprehensive appraisal of the performance of the Participants. The performance appraisal system is all-round, comprehensive and operable, and the performance indicators are set in a scientific and reasonable manner, which are binding on the Participants, which can enhance the motivation, initiative and creativity of the Participants, and is in line with the purpose of the 2023 Restricted Share Incentive Scheme as well as the interests of the Company and its Shareholders as a whole;

- (iv) the determination of the Grant Price is in compliance with the relevant requirements of the Administrative Measures on Share Incentives of Listed Companies, the Trial Measures for the (Domestic) Implementation of Equity Incentives in State-Controlled Listed Companies, the Notice on Matters Relating to Further Improving the Work of Equity Incentive in Listed Companies Controlled by Central Enterprises and the Guidelines for the Implementation of Equity Incentives of Listed Companies Controlled by Central Enterprises and market practice, which can provide sufficient incentive to the Participants and is in line with the purpose of the 2023 Restricted Share Incentive Scheme and the interests of the Company and its Shareholders as a whole; and
- (v) the 2023 Restricted Share Incentive Scheme provides for a mechanism to handle unusual changes to the Company and the Participants. Please refer to the section headed "Methods of Handling Unusual Changes to the Company and the Participants" in the letter from the Board in this circular for details. These arrangements, which provide the Company with the option to require the Participants under the relevant circumstances to return their gains arising from the equity incentives, and to repurchase the Restricted Shares granted but not yet unlocked, are in line with the purpose of the 2023 Restricted Share Incentive Scheme and the interests of the Company and its Shareholders as a whole.

In conclusion, the performance appraisal system for the 2023 Restricted Share Incentive Scheme is all-round, comprehensive and operable, and the performance indicators are set in a scientific and reasonable manner, which are binding on the Participants and can achieve the purpose of the 2023 Restricted Share Incentive Scheme. In addition, through the initial grant of the Restricted Shares to 242 Participants under the 2023 Restricted Share Incentive Scheme, the motivation, initiative and creativity of the Participants can be enhanced so as to achieve the performance targets under the 2023 Restricted Share Incentive Scheme, which is in line with the purpose of the 2023 Restricted Share Incentive Scheme and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors, including the independent non-executive Directors, consider that the terms of the 2023 Restricted Share Incentive Scheme are fair and reasonable, and the resolutions above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board and the independent non-executive Directors recommend the Shareholders to vote in favour of the resolutions set out in the Notice of the AGM and the Notice of the H Share Class Meeting to be proposed at the AGM and the H Share Class Meeting.

In addition to the resolutions on renewal of financial services agreement and 2023 Restricted Share Incentive Scheme, the Board considers that the above other resolutions are also in the best interests of the Company and its Shareholders. The Board therefore recommends the Shareholders to vote in favor of all the resolutions as set out in this circular.

OTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
China Aluminum International Engineering Corporation Limited
TAO Fulun
Joint Company Secretary

Beijing, the PRC, 17 May 2024



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)

17 May 2024

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION AND MAJOR
TRANSACTION IN RELATION TO RENEWAL OF FINANCIAL
SERVICES AGREEMENT**

We refer to the circular dated 17 May 2024 issued by the Company to its Shareholders of which this letter forms part. Terms defined in the circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you in connection with the Deposit Services and the proposed caps, the Factoring Services and the proposed caps under the New Financial Services Agreement.

Gram Capital has been appointed to advise the Independent Shareholders as to (i) whether the terms of the Transactions (as defined in the Letter from Gram Capital) are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the general meeting. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 90 to 102 of the circular.

Your attention is also drawn to the Letter from the Board set out on pages 8 to 87 of this circular and the additional information set out in the appendices to this circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the New Financial Services Agreement and taken into account the interests of the Company and the Independent Shareholders, as well as the advice of Gram Capital, the Deposit Services and the proposed caps, the Factoring Services and the proposed caps under the New Financial Services Agreement are conducted on the ordinary and usual course of business of the Group and entered into on normal or better commercial terms, and the terms and particulars are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favor of the resolution(s) to be proposed at the AGM to approve the Deposit Services and the proposed caps, the Factoring Services and the proposed caps under the New Financial Services Agreement.

Yours faithfully,

Independent Board Committee

Mr. GUI Weihua

Independent

non-executive Director

Mr. SIU Chi Hung

Independent

non-executive Director

Mr. TONG Pengfang

Independent

non-executive Director

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in the Circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

17 May 2024

*To: The independent board committee and the independent shareholders
of China Aluminum International Engineering Corp. Ltd.*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS, DISCLOSEABLE TRANSACTIONS AND MAJOR TRANSACTIONS IN RELATION TO RENEWAL OF FINANCIAL SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the renewal of the Deposit Services and Factoring Services (collectively, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 17 May 2024 (the “**Circular**”) issued by the Company to the holders of shares of the Company (the “**Shareholders**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 28 March 2024 (the “**Agreement Date**”), the Company entered into the New Financial Services Agreement with Chinalco Finance with a term from the date of approval by the general meeting of the Company to 31 December 2026. Pursuant to the New Financial Services Agreement, Chinalco Finance may provide the Group with deposit services, settlement services, credit lending services, factoring services and miscellaneous financial services. The Original Financial Services Agreement will be terminated after the New Financial Services Agreement is executed and becomes effective.

With reference to the Board Letter, (i) the Deposit Services constitute major and continuing connected transactions; and (ii) the Factoring Services constitute discloseable and continuing connected transactions. Therefore, the Deposit Services and the Factoring Services are subject to the announcement, reporting and the independent shareholders’ approval requirement under the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. GUI Weihua, Mr. SIU Chi Hung and Mr. TONG Pengfang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the continuing connected transactions (details of which are set out in the Company's circular dated 17 January 2023).

Notwithstanding the aforesaid engagement, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Besides, apart from the advisory fee and expenses payable to us in connection with our aforesaid engagement and this engagement (as the Independent Financial Adviser), there was no arrangement whereby we shall receive any other fees or benefits from the Company.

Having considered the above, in particular (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagement was only independent financial adviser engagement, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the

LETTER FROM GRAM CAPITAL

Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the New Financial Services Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Chinalco Finance or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of the New Financial Services Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Business overview of the Group

With reference to the Board Letter, the Company is a leading technology, engineering service and equipment provider in the non-ferrous metals industry in the PRC, capable of providing full business-chain integrated engineering solutions throughout various stages of the non-ferrous metals industry chain. The Group is

LETTER FROM GRAM CAPITAL

primarily engaged in engineering design and consultancy, engineering and construction contracting, equipment manufacturing and trading.

Information on Chinalco Finance

With reference to the Board Letter, Chinalco Finance is a limited liability company incorporated in the PRC in June 2011 with the approval of the China Banking and Insurance Regulatory Commission (currently known as the National Financial Regulatory Administration), which is 85.24% held by Chinalco, 10% held by Chinalco Capital and 4.76% held by Chinalco Asset Management. The business scope of Chinalco Finance includes corporate group finance company services (projects that require approval according to law can only be carried out with the approval of relevant departments. Specific business projects shall be subject to the approval documents or licenses of relevant departments. Business activities that are prohibited or restricted by national and municipal industrial policies are not allowed). The ultimate beneficial owner of Chinalco Finance is Chinalco.

As further advised by the Directors, Chinalco Finance is required to operate in compliance with the 《企業集團財務公司管理辦法》 (Administrative Measures for the Group Finance Companies*, the “**Administrative Measures**”) promulgated by China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會), which was replaced by NAFR in May 2023. Pursuant to the Administrative Measures, it regulates the operation of non-banking financial institutions which provide financial management services to the enterprise group member entities. The Administrative Measures set out certain compliance and risk control requirements/measures in relation to the operation of group finance companies, including but not limited to maintaining certain financial ratios at all times. Furthermore, pursuant to the Administrative Measures, the parent group company and controlling shareholder(s) of group finance company shall supplement such group finance company’s capital when necessary.

Based on our discussions with Chinalco Finance, we understood that NAFR monitors Chinalco Finance’s operations and compliance with relevant laws and regulations, through on-site examinations and off-site surveillance, from time to time. The NAFR may impose corrective and punitive measures, including fines and ordering the suspension of certain business activities. According to Chinalco Finance, the NAFR has not taken any disciplinary actions, or imposed penalties or fines on Chinalco Finance for the two years ended 31 December 2023. As further advised by Chinalco Finance, Chinalco Finance is required to submit quarterly operational analysis report of the Chinalco Finance’s business operation to the NAFR.

Reasons for and benefit of the Transactions

Reasons for and benefits of the Transactions are set out under the section headed “Reasons for and benefits of the transactions” of the Board Letter.

Pursuant to the New Financial Services Agreement:

- the interest rates for deposits on the Deposit Services to be offered by Chinalco Finance to the Group will not be lower than the benchmark interest rate for

LETTER FROM GRAM CAPITAL

deposits published uniformly by the PBOC from time to time for the deposits with the same term and type, not lower than the interest rate for deposits offered by major commercial banks in the PRC for deposits with the same type during the same period, and not lower than the interest rate for deposits offered by Chinalco Finance to Chinalco and its group companies for deposits with the same type during the same period.

- costs of the Factoring Services that Chinalco Finance undertakes to provide to the Group are not higher than the similar costs of major factoring companies in China during the same period.

In light of the above reasons, in particular:

- (i) the pricing policies of the Deposit Services and Factoring Services;
- (ii) the background of Chinalco Finance; and
- (iii) the long-term and stable relationship between the Group and Chinalco Finance (established since 2011),

we consider that the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Transactions

Set out below are the key terms of the Transactions, details of which are set out under the section headed “New Financial Services Agreement” of the Board Letter.

Date:	28 March 2024
Parties:	The Company (as service recipient); and Chinalco Finance (as service provider)
Term of the agreement:	The New Financial Services Agreement shall take effect from the date of approval by the general meeting of the Company to 31 December 2026.
Principal terms of the Transactions:	The financial services proposed to be provided by Chinalco Finance to the Group include Deposit Services, Settlement Services, Credit Lending Services, Factoring Services and Miscellaneous Financial Services.

LETTER FROM GRAM CAPITAL

Pursuant to the New Financial Services Agreement, the Group and Chinalco Finance will cooperate on a non-exclusive basis, thereby allowing the Group to select other financial institutions for financial services at its discretion.

Chinalco Finance shall give a written notice to the Group within two business days and adopt measures to prevent occurrence of damage or its increase if certain circumstances occurs (details of which are set out under the section headed “New Financial Services Agreement” of the Board Letter.

Deposit Services:

The Group will open deposit accounts at Chinalco Finance, and deposits their funds into the deposit accounts opened at Chinalco Finance based on the principle of free access to the accounts. Deposit can be in the form of current deposit, time deposit, call deposit, agreement savings and etc.

Chinalco Finance guarantees the safety of the funds deposited by the Group, and promptly and fully satisfy any withdrawal request raised by the Group. If Chinalco Finance fails to pay the deposits to the Group on time and in full upon request, the Company shall be entitled to terminate this agreement and offset any such deposits payable by Chinalco Finance to the Group with the loans due to Chinalco Finance by the Group according to laws and regulations.

Factoring Services:

Conditional upon satisfying the relevant national laws and regulations, Chinalco Finance will provide Factoring Services for accounts receivable to the Group based on the operational and development needs of the Group.

For specific matters related to the Factoring Services, the parties enter into separate agreements.

Pricing policy

Pursuant to the New Financial Services Agreement, the interest rates for deposits on the Deposit Services to be offered by Chinalco Finance to the Group will not be lower than the benchmark interest rate for deposits published uniformly by the PBOC from time to time for the deposits with the same term and type, not lower than the interest rate for deposits offered by major commercial banks in the PRC for deposits with the same type during the same period, and not lower than the interest rate for deposits offered by Chinalco Finance to Chinalco and its group companies for deposits with the same type during the same period.

Pursuant to the New Financial Services Agreement, costs of the Factoring Services that Chinalco Finance undertakes to provide to the Group are not higher than the similar costs of major factoring companies in China during the same period.

With reference to the Board Letter, to ensure the Company's conformity with the pricing policy of the Deposit Services and Factoring Services from time to time, the Company would adopt a series of internal control policies during its daily operation. For our due diligence purpose, we obtained documents showing the Company's internal control policies for Deposit Services and Factoring Services. As (i) there will be quotations comparison procedures before making deposits with/accept factoring services from Chinalco Finance; (ii) the Company's finance department is responsible for collecting and monitoring information on connected transactions, and evaluating the fairness of the transaction terms and the pricing terms; and (iii) for factoring transaction, officers handling the relevant matters shall submit a report to the head of the finance department and the chief financial officer of the Company to illustrate the details of the preliminary candidate for approval, we consider the effective implementation of the internal control measures will ensure the fair pricing under the Deposit Services and the Factoring Services.

To assess the effectiveness of the abovementioned internal control procedures, we performed the following works:

- Deposit Services: we obtained deposit records regarding deposits placed by:
 - (A) the Group in (i) independent commercial banks during June 2021 to March 2024; and (ii) Chinalco Finance during the same period; and
 - (B) by members of Chinalco in Chinalco Finance during the abovementioned period.

We noted that the deposit rates offered by Chinalco Finance to the Group were not lower than (i) the benchmark interest rates published by PBOC during relevant period; (ii) the interest rates offered by major commercial banks in the PRC for the deposit with the same type and term; and (iii) the interest rates offered by Chinalco Finance to members of Chinalco for the deposit with the same type and term.

LETTER FROM GRAM CAPITAL

- Factoring Services: as confirmed by the Directors, the Group did not enter into any individual agreements in respect of factoring services with Chinalco Finance during the period (the “**Period**”) from the effective of the Original Financial Services Agreement to the date of the New Financial Services Agreement. Having considered that the internal control measures for governing the Factoring Services pricing are similar to the internal control measures for governing the factoring services pricing between the Group and China Aluminum Commercial Factoring Co., Ltd. (the “**Factoring Company**”), we requested the Company to provide documents showing factoring arrangement between the Group and Factoring Company instead.

Upon our request, the Directors advised that:

- a subsidiary of the Company (the “**Subsidiary A**”) and Factoring Company entered into two individual factoring agreements during the Period; and
- the Subsidiary A intended to seek an additional quotation from independent third party according to relevant internal control procedures. However, the Subsidiary A did not proceed due to the fact that the credit line granted by independent third parties were fully utilised which result in no more borrowings to be provided by such independent third parties.

Based on the above, we obtained the following documents:

- the Subsidiary A’s written explanation on the extraordinary circumstances;
- internal reports submitted to the head of the finance department and the chief financial officer of the Company to illustrate the details of the preliminary candidate for approval; and
- the two individual factoring agreements as mentioned above.

Having also considered that our findings on deposit rates and the circumstances and documents in respect of individual factoring agreements as mentioned above, we do not doubt the effectiveness of the implementation of the internal procedures for the Transactions.

LETTER FROM GRAM CAPITAL

Furthermore, we also noted that the Company has established a detailed list of connected persons. Any transaction, if involving any connected person of the Company, will be reported in a timely manner. Accordingly, the responsible department of the Company may keep track of the amount of connected transactions and ensure that such amount will not exceed the annual caps. The relevant person in charge of the finance department of the Company monitors the maximum daily deposit balance and interest of the Group's deposits in the accounts of Chinalco Finance daily to ensure that the total amount does not exceed the annual cap; where the deposit balance on that day is anticipated to exceed the annual cap, the anticipated excess amount will be transferred to a third-party bank account designated by the Company after the relevant fund transfer procedures are performed.

The historical amounts and the proposed annual caps

The Deposit Services

Pursuant to the New Financial Services Agreement, the maximum daily deposit balance (including any interest accrued thereon) (the “**Deposit Cap(s)**”) will not exceed RMB6 billion during the term of the New Financial Services Agreement. Details of the bases for determining the Deposit Caps during term of the New Financial Services Agreement are set out under the section headed “Basis for the determination of annual caps” of the Board Letter.

Set out below are the historical maximum daily deposit balance of (including any interest accrued thereon) and the existing annual caps under the Original Financial Services Agreement:

	For the year ended 31 December 2022 (RMB'million)	For the year ended 31 December 2023 (RMB'million)	For the year ending 31 December 2024 (RMB'million)
Historical transaction amounts	2022	2023	2024
Maximum daily deposit balance (including any interest accrued thereon)	4,473	4,494	2,602 (Note)
Existing annual caps	6,000	6,000	6,000
Utilisation rate (%)	74.55	74.90	N/A

Note: the figure was for the period from 1 January 2024 to the Agreement Date

According to the above table, we noted that the utilisation of existing annual caps were at high level during the two years ended 31 December 2023. The Deposit Caps for the three years ending 31 December 2026 were the same as the deposit caps under the Original Financial Services Agreement.

LETTER FROM GRAM CAPITAL

To assess the fairness and reasonableness of the Deposit Caps, we conducted following analyses:

- According to the Company's annual report for the year ended 31 December 2023 (the "**2023 Annual Report**"), as at 31 December 2023, the Group's (i) cash and cash equivalents amounted to approximately RMB3.34 billion; and (ii) accounts receivables and bills receivables amounted to RMB15.34 billion. The sum of the aforesaid items (the "**Sum**") amounted to approximately RMB18.68 billion, which indicates the Group's possible demand of deposit services from Chinalco Finance and/or independent commercial banks.
- The Company's cash and cash equivalents of approximately RMB3.34 billion as at 31 December 2023 was substantially lower than that of approximately RMB6.86 billion as at 31 December 2022. As advised by the Directors, the substantial decreases in cash and cash equivalents as at 31 December 2023 as compared to that as at 31 December 2022 was mainly because the Company further strengthened the centralized management of funds, coordinated the use of capital positions, and reduced the scale of financing.

Despite the aforesaid decreases, we also noted that the Group recorded a substantial increases of approximately 37.68% in net cash flow from operating activities for the year ended 31 December 2023 as compared to that for the year ended 31 December 2022, which was mainly due to the fact that the Company focused on cash collection and strictly implemented cash flow control measures to "determine expenditure based on revenue", resulting in a year-on-year increase in net cash inflow from operating activities.

- As further advised by the Directors, it is difficult to forecast the total cash level during term of the New Financial Services Agreement. Nevertheless, should there be any substantial increase in total cash of the Group, the Group may deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Deposit Caps.

Having considered that (i) the Deposit Caps are less than the Sum (which indicates the Group's possible demand of deposit services from Chinalco Finance and/or independent commercial banks); (ii) the utilisation rates for existing Deposit Caps were at high levels for the two years ended 31 December 2023 as mentioned above; (iii) despite that the Company's cash and cash equivalents as at 31 December 2023 was substantially lower than that as at 31 December 2022, that the Group recorded a substantial increases in net cash flow from operating activities for the year ended 31 December 2023 as compared to that for the year ended 31 December 2022, which was mainly due to the fact that the Company focused on cash collection and strictly implemented cash flow control measures to "determine expenditure based on revenue"; and (iv) should there be any substantial increase in total cash of the Group, the Group may deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Deposit Caps, we consider that the Deposit Caps during the term of the New Financial Services Agreement are fair and reasonable.

LETTER FROM GRAM CAPITAL

Factoring Services

Pursuant to the New Financial Services Agreement, the maximum daily factoring services (the “**Factoring Cap(s)**”) will not exceed RMB2 billion during the term of the New Financial Services Agreement. Details of the bases for determining the Factoring Caps during term of the New Financial Services Agreement are set out under the section headed “Basis for the determination of annual caps” of the Board Letter.

We noted that (i) the Group did not utilise any factoring services pursuant to the Original Financial Services Agreement as at the Agreement Date; and (ii) the Company entered into a factoring agreement with the Factoring Company in October 2021 with an annual cap on factoring facility limit and total amount of the expenses incurred of RMB1 billion for 2022 to 2024. Despite the aforesaid matters, the Group set the Factoring Caps for the three years ending 31 December 2024 same as the existing factoring caps.

To assess the fairness and reasonableness of the Factoring Caps, we conducted following analyses:

- with reference to the 2023 Annual Report, the Company had account receivables of approximately RMB15.11 billion as at 31 December 2023, which were significantly larger than the Factoring Caps (i.e. RMB2 billion).
- as stated in the 2023 Annual Report, the Group’s total financing amount as at 31 December 2023 decreased by RMB3.8 billion from that as at the end of 2022, mainly due to the fact that the Company returned bank borrowings of higher finance costs and accomplished a double reduction in the scale of financing and financing costs.

As advised by the Directors, the Group may return bank borrowings of higher finance costs by using fund from the Factoring Services should the cost of Factoring Services were lower than the cost of the aforesaid bank borrowings.

Upon our further request, the Directors advised that the Group had short-term borrowings and non-current liabilities due within one year of approximately RMB3.70 billion in total as at 31 March 2024, among which the borrowings with principal amounts of approximately RMB1.82 billion borne interest rates being higher than the average interest rates of the Group’s borrowings as at 31 March 2024. The aforesaid amounts was close to the Factoring Caps (i.e. RMB2 billion).

- as it is unknown whether the Group is able to obtain lower cost financing from domestic banks continuously, the Group may opt to accept more factoring services from independent financial institutions or Chinalco Finance (subject to pricing terms) should the cost of factoring is less than the cost of financing from domestic bank or the Group is not able to obtain financing with lower financing cost from domestic banks when the Group has relevant financing needs.

LETTER FROM GRAM CAPITAL

Having considered that (i) the amounts of the Group's account receivables as at 31 December 2023 were significantly larger than the Factoring Caps; (ii) the Group may return bank borrowings of higher finance costs by using fund from the Factoring Services should the cost of Factoring Services were lower than the cost of the aforesaid bank borrowings and the Group had borrowings with principal amounts of approximately RMB1.82 billion which bore interest rates being higher than the average interest rates of the Group's borrowings as at 31 March 2024; and (iii) the Group may opt to accept more factoring services from independent financial institutions or Chinalco Finance (subject to pricing terms) should the cost of factoring is less than the cost of financing from domestic banks or the Group is not able to obtain financing with lower financing cost from domestic banks when the Group has relevant financing needs, we consider that the Factoring Caps during the term of the New Financial Services Agreement are fair and reasonable.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum/actual values of the Deposit Services and the Factoring Services must be restricted by the Deposit Caps and Factoring Caps for the period concerned under the New Financial Services Agreement respectively; (ii) the terms of the Deposit Services and the Factoring Services must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of Deposit Services and the Factoring Services must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Deposit Services and the Factoring Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

In the event that the maximum amounts of the Deposit Services and/or the Factoring Services are anticipated to exceed the Deposit Caps or the Factoring Caps, or that there is any proposed material amendment to the terms of the New Financial Services Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Deposit Services and the Factoring Services and thus the interest of the Independent Shareholders would be safeguarded.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purposes only*

Stock Code: 601068

Stock Name: Chalieco

**China Aluminum International Engineering
Corporation Limited
2023 Restricted Share Incentive Scheme (Revised Draft)**

China Aluminum International Engineering Corporation Limited
April 2024

STATEMENT

The Company, all of its Directors and Supervisors undertake that there are no false representation, misleading statement or material omission in the Scheme and its summary, and assume joint and several liability for the truthfulness, accuracy and completeness thereof.

SPECIAL REMINDER

1. The Scheme is formulated in accordance with the requirements of the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), and the Administrative Measures on Share Incentives of Listed Companies (hereinafter referred to as the "Administrative Measures"), the Trial Measures for the (Domestic) Implementation of Equity Incentives in State-Controlled Listed Companies (Guo Zi Fa Fen Pei [2006] No. 175) (hereinafter referred to as "Circular 175"), the Notice on Issues Concerning Regulating the Implementation of Share Incentive Schemes by State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) (hereinafter referred to as "Circular 171"), the Notice on Matters Relating to Further Improving the Work of Equity Incentive in Listed Companies Controlled by Central Enterprises (Guo Zi Fa Kao Fen Gui [2019] No. 102), the Guidelines for the Implementation of Equity Incentives of Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178) (hereinafter referred to as "Circular 178"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules") and the Articles of Association of China Aluminum International Engineering Corporation Limited (hereinafter referred to as the "Articles of Association") and other relevant laws, regulations, rules and prescriptive documents.
2. None of the following circumstances, in which the implementation of the share incentive shall not be conducted as stipulated under Article 7 of the Administrative Measures, has occurred to the Company:
 - (1) the registered public accountant issues an audit report with adverse opinion or disclaimer of opinion on the financial and accounting report for the previous accounting year;
 - (2) the registered public accountant issues an audit report with adverse opinion or disclaimer of opinion on the internal control over financial reporting for the previous accounting year;
 - (3) the Company fails to implement a profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months immediately following the listing;
 - (4) where the laws and regulations prohibit the implementation of share incentives;

- (5) Other circumstances as determined by the CSRC.
3. The Company meets the following conditions for the implementation of the Scheme as stipulated in Article 6 of Circular 178 and Article 5 of Circular 175:
- (1) The governance of the Company is duly regulated, and the organization of the shareholders' general meeting, the Board of Directors, the Board of Supervisors, and the management is sound with clear responsibilities. The system for electing and replacing Directors at shareholders' general meetings is sound, and the Board of Directors has sufficient power to select, appraise, and motivate senior management;
 - (2) External Directors (including independent Directors) shall account for more than one-half of the number of Directors on the Board of Directors. The remuneration committee is composed entirely of external Directors, and the system of the remuneration committee is sound, with comprehensive rules of procedure and under regulated operation;
 - (3) The basic management system is standardized, the internal control system is sound, and the three-system reform is put into effect. A system for the labor and employment, performance appraisal, and salary and welfare is established, which meets the requirements of market competition and in which the management can get promotion or demotion, employees can be employed or dismissed, and revenue can be increased or decreased;
 - (4) The development strategies are clear, asset quality and financial conditions are sound, and operating results are stable and healthy. There is not any non-compliance act relating to financial accounting, revenue distribution, and remuneration management during the latest three years;
 - (5) The restraint mechanisms of economic responsibility audit, information disclosure, deferred payment as well as recourse and deduction, which are symmetrical to the incentive mechanism, are established and improved;
 - (6) Other conditions required by the securities regulatory authorities.
4. None of the following circumstances, in which the Participants of the Scheme become unqualified as stipulated under Article 8 of the Administrative Measures, has occurred to the Participants:
- (1) being identified as an inappropriate candidate by a stock exchange in the last 12 months;
 - (2) being identified as an inappropriate candidate by CSRC and its agencies in the last 12 months;

- (3) being subjected to administrative penalties or market entry prohibition measures imposed by CSRC or any of its dispatched agencies due to significant breach of laws and regulations in the last 12 months;
 - (4) being prohibited from serving as Directors or senior management personnel of a company as stipulated in the Company Law;
 - (5) being prohibited to participate in share incentive schemes of a listed company by laws and regulations;
 - (6) Other circumstances as determined by the CSRC.
5. The Scheme has adopted Restricted Shares as the vehicle of incentive. The number of Restricted Shares proposed to be granted under the Scheme shall not exceed 29,506,100 shares in total, representing approximately 0.997% of the total share capital of the Company (i.e. 2,959,066,700 shares) as at the date of announcement of the draft of the Scheme, among which: 27,506,100 shares will be granted under the first grant, representing 93.22% of the total interests under this grant and approximately 0.93% of the total share capital of the Company (i.e. 2,959,066,700 shares) as at the date of announcement of the draft of the Scheme; and 2,000,000 shares would become the reserved grant, representing 6.78% of the total interests under this grant and approximately 0.07% of the total share capital of the Company (i.e. 2,959,066,700 shares) as at the date of announcement of the draft of the Scheme.
- The total number of the underlying shares under share incentive scheme(s) throughout the Validity Period of the Company does not exceed 10% of the total issued share capital of the Company. The cumulative number of Restricted Shares granted to any individual Participant under the Scheme through all share incentive schemes within the Validity Period will not exceed 1% of the total issued share capital of the Company, nor would it exceed 1% of the total number of ordinary A shares. As for the Directors and general managers of the Company and its subsidiaries and the Supervisors of the subsidiaries who are Participants, and any associates of the foregoing, the ordinary A shares of the Company issued and to be issued in respect of the interests granted to such persons through all share incentive schemes in force do not exceed, in aggregate, 0.1% of the total number of ordinary A shares of the Company in issue during the 12 months ending on the date on which such persons receive the grant.
6. The source of underlying shares of the Scheme shall be ordinary A shares of Chalieco issued to the Participants by the Company under a non-public issuance, with a grant price of RMB2.37 per restricted share.

7. The Participants under the first grant of the Scheme shall not exceed 242 persons, including Directors, senior management personnel, other management personnel and core technical (business) backbone personnel of the Company (including its branches and controlling subsidiaries) at the time of announcement of the Scheme by the Company, but excluding the persons in charge of the central enterprises under the administration of the Party Committee of the SASAC, as well as independent Directors, external Directors, Supervisors, shareholders or de facto controllers of the Company who holds, individually or in aggregate, 5% or more of the shares of the Company, and their spouses, parents or children; no Participants would fall under the circumstances that are prohibited from becoming a Participant as stipulated in Article 8 of the Administrative Measures, Article 4 of Circular 171, Article 35 of Circular 175 and Article 18 of Circular 178.

Reserved Participants shall refer to the Participants who have not yet been determined when the Scheme is approved (where applicable) by the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect, but will be included in the Scheme plan during the validity period of the Scheme, such reserved Participants shall be determined within 12 months after the consideration and approval of the Scheme at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable). The basis for determining the reserved Participants is determined with reference to the basis for the first grant, and the interests of the reserved grant will not be regranted to Participants who have received the first grant.

8. During the period from the date of announcement of the Scheme to the completion of the registration of Restricted Shares by the Participants, in case of any capitalisation issue, bonus issue, sub-division or consolidation of shares, rights issue or dividend distribution made by the Company, corresponding adjustment shall be made to the grant price and number of grant of Restricted Shares according to the Scheme.
9. The validity period of the Scheme shall commence from the date of completion of registration of the first grant of the Restricted Shares to the date when all the Restricted Shares which have been granted to the Participants are unlocked or repurchased, and shall not exceed 72 months in any event.

10. The lock-up period and unlocking schedule arrangements of the Restricted Shares under the first grant and the reserved grant of the Scheme are set out below:

Unlocking arrangement	Unlocking schedule	Proportion of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration of the grant to the last trading day upon the expiry of 36 months from the date of completion of registration of the grant	40%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration of the grant to the last trading day upon the expiry of 48 months from the date of completion of registration of the grant	30%
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration of the grant to the last trading day upon the expiry of 60 months from the date of completion of registration of the grant	30%

11. Performance appraisal targets for the unlocking of the Restricted Shares granted under the first grant and reserved grant of the Scheme are set out in the table below:

Unlocking Period	Performance appraisal targets
First Unlocking Period	(1) Cash return on net assets (EOE) for 2024 shall not be less than 13.76% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies;

Unlocking Period	Performance appraisal targets
	(2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2024 shall not be less than 24.72% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value-added increment (ΔEVA) for 2024 shall be greater than 0.
Second Unlocking Period	(1) Cash return on net assets (EOE) for 2025 shall not be less than 14.52% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2025 shall not be less than 26.18% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value-added increment (ΔEVA) for 2025 shall be greater than 0.
Third Unlocking Period	(1) Cash return on net assets (EOE) for 2026 shall not be less than 15.18% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2026 shall not be less than 26.27% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value-added increment (ΔEVA) for 2026 shall be greater than 0.

Note:

1. EOE = EBITDA/average net assets, where EBITDA is earnings before interest, taxes, depreciation, and amortization; average net assets is the arithmetic average of the sum of the Company's owners' equity at the beginning and end of the period.

2. If the major asset restructuring as determined by a superior authority or such strategic measures as debt-to-equity, increase in capital and shares, rights issue, issuance of preferred shares and perpetual bonds implemented by the Company in response to the call of national policies related to deleveraging and debt reduction may affect the relevant performance indicators and force majeure events encountered by the Company have significant influence on operating results, resulting in incomparability of relevant performance indicators, the Board of Directors of the Company is authorized to restore the actual value of the relevant performance indicators.
12. The funds for the subscription of Restricted Shares by the Participants shall be raised by the relevant individuals themselves, and the Company undertakes not to provide loans, loan guarantees or any other forms of financial assistance to the Participants for the acquisition of the relevant Restricted Shares pursuant to the Scheme.
13. The Participants undertake, where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with the conditions of granting and exercising of the entitlements, they shall return to the Company all benefits gained through the equity incentive scheme from the date when it is confirmed that the relevant information disclosure documents contain false statement or misleading representations or material omissions.
14. The Scheme shall be subject to the review and approval of the competent state-owned assets authority before the Company may convene a shareholders' general meeting as well as the A share and H share class meeting as stipulated in the Articles of Association then in effect (where applicable) to consider and approve the Scheme and implement the Scheme.
15. Within 60 days from the date of consideration and approval of the Scheme at the shareholders' general meeting and the A share and H share class meeting as stipulated in the Articles of Association then in effect (where applicable) and the fulfillment of the conditions for the grant, the Company will convene meeting of Board of Directors to make the grant to the Participants in accordance with the relevant regulations and complete the relevant procedures such as registration and announcement. If the Company fails to complete the above works within 60 days, the implementation of the Scheme shall terminate, and the Restricted Shares not yet granted will lapse. The reserved part shall be granted within 12 months after the current share incentive scheme has been considered and approved by the shareholders at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable).
16. The implementation of the Scheme will not result in the distribution of shareholdings ineligible for listing.

CONTENTS

Chapter I	Definitions	112
Chapter II	General Provisions	114
Chapter III	Management Authority of the Scheme	115
Chapter IV	Basis for Determining the Participants and the Scope of Participants .	117
Chapter V	The Source, Amount and Distribution of the Underlying Shares Involved in the Scheme	121
Chapter VI	Timing Arrangements of the Scheme	123
Chapter VII	Grant Price of the Restricted Shares and Determination of the Grant Price	127
Chapter VIII	Conditions of Grant of Restricted Shares and Unlocking Conditions	128
Chapter IX	Methods and Procedures of Adjusting the Restricted Shares	136
Chapter X	Accounting Treatment for the Restricted Shares	139
Chapter XI	Procedures of Implementation of the Scheme	140
Chapter XII	Respective Rights and Obligations of the Company and the Participants	144
Chapter XIII	Handling of Unusual Changes to the Company and the Participants	146
Chapter XIV	Amendments and Termination of the Scheme	149
Chapter XV	Principles for Repurchase of Restricted Shares	151
Chapter XVI	Other Important Matters	154

Chapter I Definitions

The following expressions have the meanings set out below unless the context requires otherwise:

“Chalieco”, the “Company”	:	China Aluminum International Engineering Corporation Limited
the “Scheme”	:	The 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited
“Restricted Shares”	:	a certain number of A Shares of the Company to be granted to the Participants according to the conditions and price stipulated in the Scheme, which are subject to a locking period and can only be unlocked for trading when the unlocking conditions as stipulated in the Scheme are satisfied
“Participants”	:	Directors, senior management personnel, other management personnel and core technical (business) backbone personnel of the Company (including branches and controlled subsidiaries, the same shall apply below) who have obtained Restricted Shares in line with the requirements of the Scheme
“Grant Date”	:	the date on which the Company shall grant the Restricted Shares to the Participants, which must be a trading day
“Grant Price”	:	The price of one Restricted Share granted by the Company to the Participants
“Validity Period”	:	The period commencing from the completion date of registration of the grant of the Restricted Shares and ending on the date on which all the Restricted Shares granted to the Participants are unlocked or repurchased and cancelled, and shall not exceed 72 months
“Lock-up Period”	:	The period during which the Restricted Shares granted to the Participants under the Scheme shall not be transferred, pledged or used for repayment of debts

“Blackout Period”	:	the period of time during which the Participants are restricted from selling the Shares obtained after the unlocking of the sales restrictions.
Unlocking Period	:	The period during which the Restricted Shares held by the Participants are unlocked and can be transferred upon the fulfillment of the unlocking conditions as stipulated in the Scheme.
“Unlocking Date”	:	The date on which the Restricted Shares held by the Participants are unlocked upon the fulfillment of the unlocking conditions as stipulated in the Scheme
“Unlocking Conditions”	:	In line with the Scheme, the conditions that must be met for the unlocking of Restricted Shares obtained by the Participants
“CSRC”	:	the China Securities Regulatory Commission
“SASAC”	:	State-owned Assets Supervision and Administration Commission of the State Council
“Stock Exchange”	:	The Shanghai Stock Exchange
“Company Law”	:	the Company Law of the People’s Republic of China
“Securities Law”	:	the Securities Law of the People’s Republic of China
“Administrative Measures”	:	the Administrative Measures on Share Incentives of Listed Companies
“Circular 175”	:	the Trial Measures for the (Domestic) Implementation of Equity Incentives in State-controlled Listed Companies (Guo Zi Fa Fen Pei [2006] No. 175)
“Circular 171”	:	the Notice on Issues concerning Regulating the Implementation of Share Incentive Schemes by State-controlled Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171)
“Circular 102”	:	the Notice on Matters Relating to Further Improving the Work of Equity Incentive in Listed Companies Controlled by Central Enterprises (Guo Zi Fa Kao Fen Gui [2019] No.102)

“Circular 178”	:	the Guidelines for the Implementation of Equity Incentives for Listed Companies Controlled by Central Enterprises (Guo Zi Kao Fen [2020] No. 178)
“Hong Kong Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Takeovers Code”	:	The Codes on Takeovers and Mergers and Share Buy-backs
“Articles of Association”	:	the Articles of Association of China Aluminum International Engineering Corporation Limited
“Yuan”, “0’000 Yuan”	:	RMB, 10,000 RMB

Note:

1. Unless otherwise stated, the financial data and financial indicators referenced herein shall mean the financial data prepared on a consolidation basis and the financial indicators calculated based on such financial data, respectively.
2. Some figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.

Chapter II General Provisions

I. Purpose of the Scheme and its legal and policy basis

In order to further refine the corporate governance structure of Chalieco, improve the soundness of mid-and-long term incentive and restraint mechanism of the Company, realize the incentive and restraint on Directors, senior and middle management and core backbone personnel of the enterprise to integrate their interests more closely with the long-term development of the enterprise, achieve mutual risk-taking and interest-sharing, fully mobilize their enthusiasm and creativity to form a long-term behavior of decision-makers and business operators, and improve the motivation force of the growth of the Company as well as cohesion and competitiveness of the Company to promote the sustainable and high quality development of the Company and realize the maximization of the value of the Company and those of the shareholders, the Scheme is formulated on the basis of adequately safeguarding shareholders’ interests, in accordance with the principle of equalization of benefits and contributions and in accordance with the provisions of the relevant laws, regulations and prescriptive documents such as the Company Law, the Securities Law, the Administrative Measures, Circular 175, Circular 171, Circular 102, Circular 178 and the Hong Kong Listing Rules, as well as those of the Articles of Association.

The implementation of the Scheme by Chalieco is a key measure to realize the important spirit of the CPC Central Committee, the State Council and the State-owned Assets Supervision and Administration Commission of the State

Council on deepening the reform of the system and mechanism of the state-owned enterprises, and continuously promoting the construction of medium and long-term incentive mechanism of the state-owned enterprises. Through the implementation of the Scheme and the commitment of the employees to the performance targets, a profit-sharing and binding mechanism among the shareholders, the Company and the employees will be established, which will bring sustainable returns to the shareholders and enhance the value of the state-owned assets, and at the same time help to increase the confidence of investors in the Company's performance and market value, which will be conducive to the establishment of a positive corporate image and the enhancement of the Company's influence and recognition in the secondary market.

II. Principles for Formulating the Scheme

1. Adhering to the consistency of the interests of shareholders, that of the Company and the employees, which is conducive to safeguarding the interests of shareholders, promoting the preservation and appreciation of state-owned capital, and is conducive to the sustainable development of the Company;
2. Adhere to the combination of incentives and restraints, and the symmetry of risk and return;
3. Adhere to legal compliance and standardization, open and transparent, and abide by the provisions of relevant laws and regulations and those of the Articles of Association;
4. Adhere to proceeding from reality, proceeding step by step and constant improvement.

Chapter III Management Authorities of the Scheme

- I. The shareholders' general meeting, as the ultimate authority of the Company, shall be responsible for considering and approving the implementation, amendment and termination of the Scheme. The shareholders' general meeting may, within its powers and authority, authorize the Board of Directors to handle certain matters relating to the Scheme.
- II. The Board of Directors shall act as the executive and administrative body for the Scheme and be responsible for the implementation of the Scheme. The remuneration committee under the Board of Directors shall be responsible for drawing up and revising the Scheme and submitting it to the Board of Directors for consideration. Following the consideration and approval of the Scheme by the Board of Directors, it shall be submitted to the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect for deliberation (where applicable) and to the competent authority for review. The Board of Directors may handle matters relating to the Scheme within its scope of authority as delegated by the shareholders' general meeting.

- III. The Board of Supervisors shall act as the supervision authority of the Scheme, being responsible for reviewing the list of the Participants, and shall supervise the implementation of the Scheme as to whether it is in compliance with the relevant laws, administrative regulations, regulatory documents and operational rules of the Shanghai Stock Exchange.
- IV. The independent Directors shall issue independent opinions in respect of whether the Scheme is beneficial to the sustainable development of the Company, or whether there is any considerable damage to the interests of the Company and the shareholders as a whole, and solicit proxy voting rights from all shareholders in connection with the Scheme.
- V. Where amendments are being made to the Scheme before or after the Scheme is considered and approved (where applicable) at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect, the independent Directors and the Board of Supervisors shall express independent opinions as to whether the amended Incentive Scheme will be conducive to the sustainable development of the Company or whether there are any situations that clearly harm the interests of the Company and all shareholders. A law firm shall give professional advices on whether the amended Scheme complies with the requirements of the Administrative Measures and relevant laws and regulations and whether there is any apparent prejudice to the interests of the Company and all shareholders.
- VI. Before the interests are granted to a Participant, the independent Directors and the Board of Supervisors shall express clear opinions on the conditions stipulated for the Participant to receive such interests as set out in the Scheme. In the event of any discrepancy between the interests to be granted to a Participant and the arrangement under the Scheme, the independent Directors and the Board of Supervisors (where there are changes occurred to the Participants) shall express their clear opinions thereon at the same time. A law firm shall issue legal opinions on whether the conditions for the grant of interests to the Participants are fulfilled or not.
- VII. Before the interests are exercised by a Participant, the independent Directors and the Board of Supervisors shall issue clear opinions as to whether the conditions stipulated under the Scheme for the Participant to exercise such entitlements have been fulfilled. A law firm shall issue legal opinions on whether the conditions for the exercise of interests to the Participants are fulfilled or not.

Chapter IV Basis for Determining the Participants and the Scope of Participants**I. Basis for Determining the Participants****1. Legal Basis for Determining the Participants**

The Participants of the Scheme are determined in accordance with the relevant requirements of the Company Law, the Securities Law, the Management Measures, Circular 175, Circular 171, Circular 102, Circular 178, along with other relevant laws, regulations, prescriptive documents and the Articles of Association, in combination with the actual circumstances of the Company.

2. Position Basis of the Participants

Participants of the Scheme shall be Directors, senior management personnel, other management personnel and core technical (business) backbone personnel of the Company (including its branches and controlled subsidiaries).

II. Scope of Participants**1. The first grant under the Scheme will be offered to no more than 242 Participants, including, specifically:**

- (1) Directors and senior management personnel of the Company;
- (2) other management personnel of the Company;
- (3) core technical (business) backbone personnel of the Company.

Of the above Participants, Directors must have been elected at a shareholders' general meeting, and senior management personnel must have been engaged by the Board of Directors. All Participants must have labour or engagement relationships with the Company or a subsidiary of the Company. The scope of Participants of the Scheme does not include persons-in-charge of central state-owned enterprises under the administration of the Party Committee of the SASAC, as well as independent Directors, external Directors, Supervisors and shareholders holding more than 5% of the shares, either individually or in aggregate, or de facto controllers of the Company and their spouses, parents and children. Participants shall not participate in the share incentive schemes of two or more listed companies at the same time.

2. The following persons shall not become a Participant of the Scheme:

- (1) being identified as an inappropriate candidate by a stock exchange in the last 12 months;
- (2) being identified as an inappropriate candidate by CSRC and its agencies in the last 12 months;

- (3) being subjected to administrative penalties or market entry prohibition measures imposed by CSRC or any of its dispatched agencies due to significant breach of laws and regulations in the last 12 months;
 - (4) being prohibited from serving as Directors or senior management personnel of a company as stipulated in the Company Law;
 - (5) being prohibited to participate in share incentive schemes of a listed company by laws and regulations;
 - (6) Other circumstances as determined by the CSRC.
3. Participants under the reserved grant will be determined within 12 months after the Scheme has been considered and approved by the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable). Following the proposal by the Board of Directors, the issuance of clear opinions by the independent Directors and the Board of Directors of Supervisors as well as the issuance of professional opinions and written legal opinions by a lawyer, the Company shall promptly and accurately disclose the relevant information of Participants of the current grant on the designated website pursuant to the relevant requirements. The reserved interests shall lapse if the Participants thereunder are not determined for a period over 12 months. The basis for determining the reserved Participants is determined with reference to the basis for the first grant, and the interests of the reserved grant will not be regranted to Participants who have received the first grant.

III. Verification of Participants

1. After the Scheme is reviewed and approved by the Board of Directors of Directors, the Company shall, before convening the shareholders' general meeting, the A share and H share class meeting (where applicable), internally publish the names and the positions of the Participants for a period of not less than 10 days via the Company's website or by other means.
2. The Company shall conduct a self-inspection on the trading of the Company's Shares and any derivatives thereof by persons who were privy to inside information during the six months prior to the announcement of the proposal of the Scheme to state whether there is any insider trading. Anyone who trade in the Company's shares with knowledge of inside information shall not become a Participant, except in cases where inside trading is excluded as stipulated by laws, administrative regulations and relevant judicial interpretations. Anyone whose leakage of inside information has resulted in inside trading shall not become a Participant.

3. The Board of Directors of Supervisors shall review the list of Participants and fully hear the public presentation comments, and publish an explanation on the verification results of the Board of Directors of Supervisors and the notification on the list of the Participants 5 days before the Scheme is considered at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable). Any adjustments to the lists of the Participants made by the Board of Directors of Directors shall also be subject to verification by the Board of Supervisors of the Company.

IV. List of certain connected persons under the first grant

The Participants under the proposed first grant of the Scheme consist of connected persons of the Company recognised under the relevant provisions of the Hong Kong Listing Rules, the specific list of which is as follows:

Name of employee	Reasons for being a connected person	Number of Restricted Shares to be granted (0'000 shares)	Percentage of the total number of Restricted Shares under the first grant	Percentage of the total number of Restricted Shares to be granted	Percentage of the total share capital of the Company
Li Yihua	Chairman and executive director of the Company	26.74	0.97%	0.91%	0.0090%
Liu Jing	Executive director and general manager of the Company	26.74	0.97%	0.91%	0.0090%
Liu Ruiping	Executive director and deputy general manager of the Company	22.73	0.83%	0.77%	0.0077%
Liu Dongjun	Proposed executive Director of the Company	20.06	0.73%	0.68%	0.0068%
Zhao Hongmei	Executive director and Chief Financial Officer	20.06	0.73%	0.68%	0.0068%
Tan Ronghe	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Yang Kai	Director of subsidiary of the Company	13.29	0.48%	0.45%	0.0045%
Liu He	Director of subsidiary of the Company	16.21	0.59%	0.55%	0.0055%
Kang Guohua	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%

Name of employee	Reasons for being a connected person	Number of Restricted Shares to be granted (0'000 shares)	Percentage of the total number of Restricted Shares under the first grant	Percentage of the total number of Restricted Shares to be granted	Percentage of the total share capital of the Company
Chai Wei	Director and general manager of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Ma Jianmin	Supervisor of subsidiary of the Company	16.21	0.59%	0.55%	0.0055%
Wang Xiaobo	Director of subsidiary of the Company	13.51	0.49%	0.46%	0.0046%
Nie Yudong	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Yang Biao	Director and general manager of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Bai Jie	Supervisor of subsidiary of the Company	16.07	0.58%	0.54%	0.0054%
Mu Xiaodong	Supervisor of subsidiary of the Company	16.21	0.59%	0.55%	0.0055%
Huang Guobao	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Liu Zhibing	Director and general manager of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Li Xingze	Director of subsidiary of the Company	16.21	0.59%	0.55%	0.0055%
Liu Jianjun	Director of subsidiary of the Company	13.51	0.49%	0.46%	0.0046%
Zhou Yongkang	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Zou Guofu	Director of subsidiary of the Company	18.57	0.68%	0.63%	0.0063%
Xiao Weiqing	Director of subsidiary of the Company	13.29	0.48%	0.45%	0.0045%
Han Ziyang	Director of subsidiary of the Company	13.51	0.49%	0.46%	0.0046%
Total		<u>431.46</u>	<u>15.69%</u>	<u>14.62%</u>	<u>0.1458%</u>

Chapter V The Source, Amount and Distribution of the Underlying Shares Involved in the Scheme

I. Source of the Underlying Shares

The Scheme has adopted restricted shares as the vehicle of incentive, where the source of the underlying shares shall be ordinary A shares of Chalieco to be issued to the Participants by the Company.

II. Number of Underlying Shares

The number of restricted shares proposed to be granted under the Scheme shall not exceed 29,506,100 shares in total, representing approximately 0.997% of the total share capital of the Company (i.e. 2,959,066,700 shares) as at the date of announcement of the draft of the Scheme, among which: 27,506,100 shares will be granted under the first grant, representing 93.22% of the total interests under this grant and approximately 0.93% of the total share capital of the Company (i.e. 2,959,066,700 shares) as at the date of announcement of the draft of the Scheme; and 2,000,000 shares would become the reserved grant, representing 6.78% of the total interests under this grant and approximately 0.07% of the total share capital of the Company (i.e. 2,959,066,700 shares) as at the date of announcement of the draft of the Scheme.

The total number of the underlying shares under share incentive scheme(s) throughout the Validity Period of the Company does not exceed 10% of the total issued share capital of the Company. The cumulative number of restricted shares granted to any individual Participant under the Scheme through all share incentive schemes within the Validity Period will not exceed 1% of the total issued share capital of the Company, nor would it exceed 1% of the total number of ordinary A Shares. As for the Directors and general managers of the Company and its subsidiaries and the Supervisors of the subsidiaries who are Participants, and any associates of the foregoing, the ordinary A Shares of the Company issued and to be issued in respect of the interests granted to such persons through all share incentive schemes in force do not exceed, in aggregate, 0.1% of the total number of ordinary A shares of the Company in issue during the 12 months ending on the date on which such persons receive the grant.

III. Allocation of the Restricted Shares Granted to Participants

The allocation of the restricted shares to be granted under the Scheme among the various Participants is set out in the table below:

No.	Name	Position	Restricted Shares to be Granted (‘0,000 shares)	Percentage of the total number of Restricted Shares granted	Percentage of the total current share capital of the Company
1	Li Yihua	Chairman, executive Director	26.74	0.91%	0.01%
2	Liu Jing	Executive Director, general manager	26.74	0.91%	0.01%
3	Liu Ruiping	Executive Director, deputy general manager	22.73	0.77%	0.01%
4	Liu Dongjun	Proposed executive Director	20.06	0.68%	0.01%
5	Bi Xiaoge	Deputy general manager	20.06	0.68%	0.01%
6	Zhao Hongmei	Executive Director, financial controller	20.06	0.68%	0.01%
7	Zhou Dongfang	Deputy general manager	20.06	0.68%	0.01%
8	Tao Fulun	Secretary to the Board	20.06	0.68%	0.01%
9	Bai Jie	General counsel	16.07	0.54%	0.01%
10	Other management personnel and core technical (business) backbone personnel (not exceeding 233 persons)		2,558.03	86.69%	0.86%
Total first grant			2,750.61	93.22%	0.93%
Reserved grant part			200	6.78%	0.07%
Total			2,950.61	100.00%	0.997%

Notes:

- On 28 March 2024, the Company convened the 19th meeting of the fourth session of the Board, at which the Resolution on the Nomination of Candidates for Executive Directors of the Fourth Session of the Board of the Company was considered and approved. Mr. LIU Dongjun was nominated as a candidate for executive director of the fourth session of the Board of the Company. His term of office shall commence from the date of passing of the election at the general meeting of the Company on his appointment to the date of expiration of the term of office of the fourth session of the Board. The candidates for executive directors to be nominated are subject to the election procedures to be proposed at the general meeting of the Company.
- The Participants of the Scheme have not participated in share incentive scheme(s) of two or more listed companies and none of the Participants is a substantial Shareholder holding more than 5% of the shares of the Company or a de facto controller and their respective spouse, parents or children.
- The above figures shown as totals may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.
- The value of the interests granted to the Directors and senior management members shall be determined at the level of no more than 40% of the total remuneration (including the value of interests granted) at the time of grant.

Chapter VI Timing Arrangements of the Scheme

I. Validity Period of the Scheme

The Validity Period of the Scheme shall commence from the date of completion of registration of the first grant of the restricted shares to the date when all the restricted shares which have been granted to the Participants are unlocked or repurchased, and shall not exceed 72 months in any event.

II. Grant Date of the Scheme

The Grant Date must be a trading day, and the Grant Date shall be determined by the Board of Directors after the Scheme has been submitted to the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) for consideration and approval. Within 60 days from the date of consideration and approval of the Scheme at the shareholders' general meeting and the A share and H share class meeting as stipulated in the Articles of Association then in effect (where applicable) and the fulfillment of the conditions for the grant, the Company will convene a meeting of Board of Directors to make the grant to the Participants of the current batch of grant in accordance with the relevant regulations and complete the relevant procedures such as registration and announcement. If the Company fails to complete the above works within 60 days, the implementation of the Scheme shall terminate, and the Restricted Shares not yet granted will lapse. The reserved part shall be granted within 12 months after the Scheme has been considered and approved by the shareholders at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable).

The Company shall not grant Restricted Shares to Participants during the following periods:

1. Restricted Shares may not be granted after the Company becomes aware of inside information until (and including) the trading day after it has announced the information; in particular, Restricted Shares may not be granted within one month prior to the earlier of:
 - (i) the date of meeting of the Board of Directors (being the date of the meeting of the Board of Directors first informed The Stock Exchange of Hong Kong Limited under the Hong Kong Listing Rules) for approving the Company's results for any year, half-year, quarter or any other interim period (whether or not required by the Hong Kong Listing Rules); and

- (ii) the deadline for the Company to announce its results for any year or half-year pursuant to the Hong Kong Listing Rules, or the deadline to announce its results for any quarter or any other interim period (whether or not required by the Hong Kong Listing Rules). Such restrictions end on the date of the announcement of the results. No Restricted Shares may be granted by the Company during any period of delay in publishing the results announcement;
- 2. the period of within 10 days prior to the publication of the announcements of results forecast and preliminary results of the Company;
- 3. Until the date of disclosure in accordance with the law, from the date of occurrence of a major event that may have a significant impact on the trading price of shares and derivatives of shares of the Company or the date of entering into the decision-making process;
- 4. other periods as stipulated by the CSRC, Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited.

The aforementioned period during which the Company may not grant the Restricted Shares shall not be included in the 60-day period.

Where a Participant who is a director or a member of the senior management of the Company reduces his/her shareholding in the Company within 6 months prior to the grant of the restricted shares, the grant of the restricted shares shall be deferred for 6 months from the date of the latest of such shareholding reduction in accordance with the short-term trading requirements under the Securities Law. The aforementioned postponement shall not be included in the 60-day period.

The above-mentioned shares held by Directors and senior management personnel shall include shares held by their spouses, parents, children and shares held through the utilisation of other people's accounts or other securities of an equity nature.

III. Lock-up Period of the Scheme

The restricted shares granted under the Scheme will be unlocked in three batches, with each batch being subject to a Lock-up Period of 24 months, 36 months and 48 months respectively from the date of registration of the corresponding grant. During the Lock-up Period, the restricted shares granted to the Participants under the Scheme are restricted from sale, and cannot be transferred, used as security or for repaying debts. The shares acquired by the Participants as a result of the capitalization of capital reserve, payment of share dividends and sub-division of shares as a result of the grant of restricted shares which are not unlocked yet are also subject to lock-up in accordance with the Scheme. After the release of the lock-up restriction, the Company will deal with the unlocking of the restricted shares for those Participants who satisfy the Unlocking Conditions, and the restricted shares held by those Participants who do not satisfy the Unlocking Conditions will be repurchased by the Company.

IV. Unlocking Arrangement under the Scheme

The unlocking schedule arrangements of the restricted shares under the first grant and the reserved grant of the Scheme are set out below:

Unlocking arrangement	Unlocking schedule	Proportion of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration of the grant to the last trading day upon the expiry of 36 months from the date of completion of registration of the grant	40%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration of the grant to the last trading day upon the expiry of 48 months from the date of completion of registration of the grant	30%

Unlocking arrangement	Unlocking schedule	Proportion of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration of the grant to the last trading day upon the expiry of 60 months from the date of completion of registration of the grant	30%

V. Blackout requirements under the Scheme

The Blackout Period shall refer to the period of time during which the Participants are restricted from selling the shares obtained after the unlocking of the sales restrictions. The blackout arrangement under the Scheme shall be implemented in accordance with the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents as well as the requirements of the Articles of Association. Specific provisions are as follows:

1. Where the Participants are Directors and senior management personnel of the Company, they shall not transfer more than 25% of the total number of shares of the Company held during their tenure; and no transfer of such shares of the Company held by them is allowed within six months after vacated their office; those who vacate their office before the expiration of their term shall not transfer the Company's Shares they hold during the term determined when they assume office and within six months after the expiration of their term.
2. Upon the unlocking of the last batch of restricted shares under the Scheme, 20% of the total number of restricted shares granted to Participants holding the positions of Directors and senior management of the Company shall continue to be locked up until the expiry of their term (or tenure) of office, and the unlocking of such restricted shares shall be determined in accordance with the results of their appraisal of the tenure of office or the audit of the economic responsibility in their capacity as Directors and senior management personnel. If the term of office of a director or senior management personnel as a Participant has not expired upon conclusion of the Validity Period of the Scheme, the assessment results corresponding to the year in which the Validity Period of the Scheme concludes will be used as the Unlocking Conditions, and the unlocking shall be completed within the Validity Period.

3. Where the Participants are Directors and senior management personnel of the Company and he/she disposes of any shareholding of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall belong to the Company and the Board of Directors will recover their gains.

The above-mentioned shares held by Directors and senior management personnel shall include shares held by their spouses, parents, children and shares held through the utilisation of other people's accounts or other securities of an equity nature.

4. During the Validity Period of the Scheme, if there are changes in the Company Law, the Securities Law and other relevant laws, regulations, prescriptive documents and the Articles of Association in respect of the transfer of shares held by the Company's Directors and senior management personnel, the transfer of the Company's shares held by such part of Participants shall, at the time of transfer, be in compliance with the amended Company Law, the Securities Law and other relevant laws, regulations, prescriptive documents and the Articles of Association.

Chapter VII Grant Price of the Restricted Shares and Determination of the Grant Price

I. The Grant Price under the First Grant

The Grant Price of the restricted shares under the first grant shall be RMB2.37 per Share, which means that upon fulfilment of the grant conditions, each Participant is entitled to purchase the ordinary A shares of the Company issued to the Participants by the Company at the price of RMB2.37 per share.

II. Basis for Determining the Grant Price Under the First Grant

The pricing benchmark date of the Grant Price of the restricted shares under the first grant shall be the date of publication of the draft of the Scheme. The Grant Price shall not be less than the nominal value of the shares and shall not be less than the higher of the following prices:

1. 50% of the average trading price of the Company's shares on the trading day prior to the announcement of the Scheme, which is RMB2.35 per Share;
2. 50% of the average trading price of the Company's shares for 20 trading days prior to the announcement of the Scheme, which is RMB2.37 per Share.

III. Basis for Determining the Grant Price of the Reserved Restricted Shares

Prior to each grant of the reserved restricted shares, a meeting of the Board of Directors shall be convened to consider and approve the relevant proposal and the circumstance of the grant shall be disclosed. The Grant Price shall not be less than the nominal value of the Shares and shall not be less than the higher of the following prices:

1. 50% of the average trading price of the shares of the Company on the trading day preceding the date of the announcement of the Board of Directors' resolution on the reserved grant of the restricted shares;
2. 50% of the average trading price of the Company's Shares for 20 trading days, 60 trading days or 120 trading days preceding the date of the announcement of the Board of Directors' resolution on the reserved grant of the restricted shares.

Chapter VIII Conditions of Grant of Restricted Shares and Unlocking Conditions

I. Conditions of Grant of Restricted Shares

A grant of restricted shares to the Participants may only be made by the Company if all following conditions are met at the same time, on the contrary, if any one of the following conditions is not met, restricted shares shall not be granted to the Participants:

- (I) There is no occurrence of any of the following events on the part of the Company:
 1. failure to engage an accounting firm to conduct an audit in accordance with the prescribed procedures and requirements;
 2. the state-owned assets supervision and administration authority, the Board of Directors of Supervisors or the audit department has raised major objections to the Company's results or annual financial report;
 3. being subject to penalties imposed by securities regulatory authorities and other relevant authorities for material non-compliance;
 4. the financial accounting report or the internal control evaluation report for the latest accounting year has been issued with an adverse opinion or disclaimer of opinion by the certified public accountants;
 5. any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;

6. where the laws and regulations prohibit the implementation of share incentives; or
7. other circumstances as determined by the CSRC.

(II) The Company has satisfied the following conditions:

1. The governance of the Company is duly regulated, and the organization of the shareholders' general meeting, the Board of Directors, the Board of Supervisors, and the management is sound with clear responsibilities. The system for electing and replacing Directors at shareholders' general meetings is sound, and the Board of Directors has adequate power to select, appraise, and motivate senior management;
2. External Directors (including independent Directors) shall account for more than one-half of the number of Directors on the Board of Directors. The remuneration committee shall be composed entirely of external Directors, and the system of the remuneration committee is sound, with comprehensive rules of procedure and under regulated operation;
3. The basic management system is standardized, the internal control system is sound, and the three-system reform is put into effect. A system for the labor and employment, performance appraisal, and salary and welfare is established, which meets the requirements of market competition and in which the management can get promotion or demotion, employees can be employed or dismissed, and revenue can be increased or decreased;
4. The development strategies are clear, asset quality and financial conditions are sound, and operating results are stable. There is no non-compliance in relation to financial accounting, revenue distribution and remuneration management during the latest three years;
5. The mechanisms of economic responsibility audit, information disclosure, deferred payment, and recourse and deduction, which are symmetrical to the incentive mechanism, are established and improved;
6. Other conditions required by the securities regulatory authorities.

(III) There is no occurrence of any of the following events on the part of the Participants:

1. the results of financial responsibility audit, etc. indicate that there is failure to perform duties effectively or serious dereliction of duty or malpractice;

2. the result of the CCP party building assessment evaluation of the Participant is “unqualified”;
 3. any violation of the relevant national laws and regulations and the Articles of Association;
 4. during his/her service, he/she has committed any illegal and disciplinary acts such as accepting and soliciting bribes, committing corruption and theft, disclosing the Company’s commercial and technical secrets, implementing connected transactions that damage the interests and reputation of the Company and have significant adverse impact on the image of the Company, and has been punished;
 5. failure to perform or improperly perform his/her duties, resulting in a material loss of assets and other serious adverse consequences to the Company;
 6. having been determined as an inappropriate candidate by a stock exchange in the last 12 months;
 7. having been determined as an inappropriate candidate by CSRC or any of its dispatched agencies in the last 12 months;
 8. being subjected to administrative penalties or market entry prohibition measures imposed by CSRC or any of its dispatched agencies due to significant breach of laws and regulations in the last 12 months;
 9. being prohibited from serving as Directors or senior management personnel of a company as stipulated by the Company Law;
 10. being prohibited to participate in share incentive schemes of a company by laws and regulations;
 11. other circumstances as determined by the CSRC.
- (IV) Individual assessment of the Participant meets the standard, i.e., the following condition is met: in the accounting year preceding the date of announcement of the Scheme, the Participant has achieved a score of 70 or above in the assessment result rating in accordance with the Company’s performance assessment related measures.

If the Company fails to meet the grant conditions, the Company shall not grant any restricted share pursuant to this plan for the current period; if the Participant fails to meet the grant conditions, the Company shall not grant any Restricted Share to such Participant pursuant to this plan for the current period.

II. Unlocking Conditions for the Restricted Shares

During the Unlocking Period, restricted shares granted to the Participants may only be unlocked if the following conditions are met at the same time:

- (I) There is no occurrence of any of the following events on the part of the Company:
 - 1. the financial accounting report for the latest accounting year has been issued with an adverse opinion or disclaimer of opinion by the certified public accountants;
 - 2. the internal control over financial reporting for the latest accounting year has been issued with an adverse opinion or disclaimer of opinion by the certified public accountants;
 - 3. any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
 - 4. where the laws and regulations prohibit the implementation of share incentives;
 - 5. other circumstances as determined by the CSRC.
- (II) There is no occurrence of any of the following events on the part of the Participants:
 - 1. having been determined as an inappropriate candidate by a stock exchange in the last 12 months;
 - 2. having been determined as an inappropriate candidate by CSRC or any of its dispatched agencies in the last 12 months;
 - 3. being subjected to administrative penalties or market entry prohibition measures imposed by CSRC or any of its dispatched agencies due to significant breach of laws and regulations in the last 12 months;
 - 4. being prohibited from serving as a director or senior management personnel of a company as stipulated in the Company Law;
 - 5. being prohibited to participate in share incentive schemes of a listed company by laws and regulations;
 - 6. other circumstances as determined by the CSRC.

In the event that any one of the events set forth in article (I) above occurs on the part of the Company, all restricted shares granted to the Participant under the Scheme but not yet unlocked shall be repurchased by the Company in accordance with the requirements; in the event that any one of the events set forth in article (II) above occurs on the part of the Participant, the restricted shares granted to such Participant under the Scheme but not yet unlocked shall be repurchased by the Company in accordance with the requirements.

(III) Performance Appraisal Requirements at Company Level

The restricted shares granted under the Scheme shall be subject to performance appraisal on an annual basis over the three appraisal accounting years (2024-2026) of the Unlocking Period, with the achievement of the performance appraisal targets as the condition for unlocking of the restricted shares for the Participants.

1. Performance appraisal targets for the unlocking of the restricted shares granted under the first grant and reserved grant of the Scheme are set out in the table below:

Unlocking Period	Performance appraisal targets
First Unlocking Period	(1) Cash return on net assets (EOE) for 2024 shall not be less than 13.76% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies;
	(2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2024 shall not be less than 24.72% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies;
	(3) Economic value-added increment (Δ EVA) for 2024 shall be greater than 0.
Second Unlocking Period	(1) Cash return on net assets (EOE) for 2025 shall not be less than 14.52% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies;

Unlocking Period	Performance appraisal targets
	(2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2025 shall not be less than 26.18% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value-added increment (ΔEVA) for 2025 shall be greater than 0.
Third Unlocking Period	(1) Cash return on net assets (EOE) for 2026 shall not be less than 15.18% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2026 shall not be less than 26.27% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value-added increment (ΔEVA) for 2026 shall be greater than 0.

Note:

1. EOE = EBITDA/average net assets, where EBITDA is earnings before interest, taxes, depreciation, and amortization; average net assets is the arithmetic average of the sum of the Company's owners' equity at the beginning and end of the period.
2. If the major asset restructuring as determined by a superior authority or such strategic measures as debt-to-equity, increase in capital and shares, rights issue, issuance of preferred shares and perpetual bonds implemented by the Company in response to the call of national policies related to deleveraging and debt reduction may affect the relevant performance indicators and force majeure events encountered by the Company have significant influence on operating results, resulting in incomparability of relevant performance indicators, the Board of Directors of the Company is authorized to restore the actual value of the relevant performance indicators.

2. Selection of benchmark enterprises for unlocking

The Company selected 23 listed companies with comparable scale with the Company in the category of “Construction – Civil Engineering Construction” of the CSRC as the benchmark enterprises, and the list of the benchmark enterprises is as follows:

Stock code	Stock abbreviation	Stock code	Stock abbreviation
601618.SH	MCC	002941.SZ	Xinjiang Communications Construction
000498.SZ	Shandong Road & bridge	002628.SZ	Chengdu Road & Bridge
600970.SH	Sinoma International	002542.SZ	China Zhonghua Geotechnical
600502.SH	Anhui Construction Engineering	600853.SH	Longjian Road & Bridge
002051.SZ	China CAMC	603815.SH	Anhui Gourgen Traffic Construction
000065.SZ	Norinco International	002116.SZ	China Haisum
000928.SZ	Sinosteel	603843.SH	Zhengping Road & bridge
601789.SH	Ningbo Construction	605598.SH	Shanghai Geoharbour
002062.SZ	Hongrun Construction	003001.SZ	Zhongyan Technology
002060.SZ	Guangdong Hydropower	600463.SH	Beijing Airport
002140.SZ	East China Science and Technology	603176.SH	Huitong Construction Group
002307.SZ	Beixin Road & Bridge		

Note: If there are significant changes in the principal business or extreme values with significant deviation in the same industry or the benchmarking enterprises samples during the annual appraisal, the Board of Directors of the Company will remove or replace the samples in the year end appraisal.

(IV) Performance Appraisal Requirements at Individual Level

The individual appraisal of the Participants shall be conducted annually in accordance with the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司2023年限制性股票激勵計劃實施考核管理辦法》) and the appraisal results (S) shall be divided into three levels. The percentage of unlocking of the restricted shares for the year shall be determined in accordance with individuals' performance evaluation results. The individuals' actual unlocking quota for the current year equals to standard coefficient $\times$ the planned unlock quota for the individual in the current year. Special circumstances in the appraisal of the individual shall be decided by the Board of Directors. Details are as follows:

Appraisal results (S)	$S \geq 80$	$80 > S \geq 70$	$S < 70$
Standard coefficient	1.0	0.9	0

All or part of the restricted shares of the Participant that have not been unlocked for the current period due to performance appraisal at the Company level or performance appraisal at the individual level shall not be unlocked or deferred to the next period to unlock, and shall be repurchased by the Company at the lower of the Grant Price and the market price at the time of repurchase. The "market price at the time of repurchase" means the closing price of the Company's shares on the trading day preceding the date of consideration by the Board of Directors of the Company for the repurchase of the restricted shares of that Participant.

III. Scientificity and Reasonableness of the Appraisal Indicators

The assessment indicators of the Restricted Share Incentive Scheme of the Company are divided into two levels, namely the performance appraisal at company level and the performance appraisal at individual level.

In line with relevant SASAC requirements, performance indicators should in principle include comprehensive indicators that reflect shareholder returns and company value creation, indicators that reflect the sustainable growth ability of the enterprise, and indicators that reflect the quality of its operations. Based on the above requirements, the Company has selected cash return on net assets (EOE), compounded growth rate of net profit attributable to parent company and economic value-added increment (Δ EVA) as indicators for the Company's performance appraisal at company level under the Scheme, taking into account the market practices of state-owned enterprises and the Company's characteristics. The above indicators are all relevantly core financial indicators of the Company, which respectively reflect the Company's shareholder returns and the Company's ability of value creation, the Company's sustainable growth capabilities and the quality of corporate operations. After making reasonable forecasts and taking into account the

incentive effect of the Scheme, the Company has set up reasonable performance appraisal targets for the Scheme. The performance targets of the Scheme have been set on the basis of ensuring feasibility and are challenging to a certain extent, which are able to realize the principle of “equivalence of incentives and constraints”.

In addition to the performance appraisal at company level, the Company has also set up a strict performance appraisal system for individuals, which can make a more accurate and comprehensive assessment on the performance of the Participants. The Company will determine whether the Participants meet the conditions for unlocking based on their performance appraisal results for the previous year.

In conclusion, the assessment system of the Scheme is complete, comprehensive and feasible, and the assessment indicators are scientific and reasonable, which at the same time have restraint effect on the Participants and can achieve the assessment purpose of the Scheme.

Chapter IX Methods and Procedures of Adjusting the Restricted Shares

I. Methods of Adjusting the Number of Restricted Shares

During the period from the date of announcement of the Scheme to the completion of registration of the restricted shares held by the Participants, in the event of any capitalization issue, bonus issue, sub-division of shares, rights issue, consolidation of shares, etc. made by the Company, the number of restricted shares shall be adjusted accordingly. The adjustment methods are as follows:

1. Capitalization issue, bonus issue, sub-division of shares

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of the restricted shares before the adjustment; n represents the ratio per share resulting from capitalization issue, bonus issue and sub-division of shares (i.e. the increase in number of shares upon capitalization issue, bonus issue and sub-division of shares); Q represents the adjusted number of the restricted shares.

2. Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) / (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the restricted shares before the adjustment; P_1 represents the closing price as at the share registration date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of the restricted shares.

3. Share consolidation

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of the restricted shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one share of the Company to be consolidated into n shares); Q represents the adjusted number of the restricted shares.

4. Dividend distribution, additional issue

Under the circumstance of dividend distribution or additional issue of new shares by the Company, no adjustment will be made to the number of the restricted shares.

II. Method of Adjusting the Grant Price of the Restricted Shares

In the event of any capitalization issue, bonus issue, sub-division of shares, rights issue, share consolidation or dividend distribution etc. made by the Company during the period from the date of announcement of the Scheme to the completion of registration of the restricted shares held by the Participants, the Grant Price of the restricted shares shall be adjusted accordingly. The adjustment methods are as follows:

1. Capitalization issue, bonus issue, sub-division of shares

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio per share resulting from capitalization issue, bonus issue or sub-division of shares; P represents the Grant Price after the adjustment.

2. Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) / [P_1 \times (1 + n)]$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the share registration date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares to be issued under the rights issue to the Company's total share capital before the rights issue); P represents the Grant Price after the adjustment.

3. Share consolidation

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the share consolidation ratio (i.e. one share to be consolidated into n shares); P represents the Grant Price after the adjustment.

4. Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the Grant Price prior to the adjustment; V represents the dividend per share; and P represents the Grant Price after the adjustment. P shall be greater than 1 after the adjustment for dividend distribution.

5. Additional issue

Under the circumstance of additional issue of new shares by the Company, no adjustment will be made to the Grant Price of the restricted shares.

III. Adjustment Procedures of the Scheme

1. The shareholders' general meeting of the Company authorizes the Board of Directors of the Company the right to adjust the number of restricted shares or the Grant Price according to the above reasons. The Board of Directors shall make an announcement and notify the Participants in a timely manner after adjusting the number of restricted shares or the Grant Price in accordance with the above requirements.
2. If there is a need to adjust the number of restricted shares, the Grant Price or other terms for other reasons, it should be put forward to the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) again for consideration and approval after being considered by the Board of Directors.
3. The lawyer engaged by the Company shall issue professional opinion to the Board of Directors as to whether the above adjustment is in compliance with the requirements of relevant documents of the CSRC or relevant regulatory departments, the Articles of Association and the provisions of the Scheme.

Chapter X Accounting Treatment for the Restricted Shares**I. Accounting Treatment Method for the Restricted Shares**

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payment, at each balance sheet date within the Lock-up Period, the Company shall make revision to the estimated number of the Restricted Shares which are expected to be unlocked based on the subsequent information such as changes in the latest available number of persons eligible to the unlocking of the Restricted Shares, and the completion of the performance targets, and include the services acquired during such period in the relevant costs or expenses and capital reserve based on the fair value of the restricted shares on the Grant Date.

1. Accounting treatment on the Grant Date: The share capital and capital reserve shall be determined according to the issuance of Shares to the Participants by the Company.
2. Accounting treatment during the Lock-up Period: Pursuant to the requirements of the accounting standards, the services provided by the staff will be recognized as costs on each balance sheet date during the Lock-up Period, and the equity or liability of owners will be recognized at the same time.
3. Accounting treatment on the Unlocking Date: On the Unlocking Date, if the Unlocking Conditions are fulfilled, the restricted shares shall be unlocked; if all or part of the Shares are repurchased and canceled by the Company since the same have not been unlocked, such Shares will be dealt with pursuant to the accounting standards and relevant requirements.

II. Method of Determining the Fair Value of the Restricted Shares

The fair value of the restricted shares shall be determined according to the market price on the Grant Date and the subscription price paid by the Participant.

III. Impact of Share-based Payment Expenses on Operating Results of the Company for Each Period

The Company shall grant 27,506,100 restricted shares to Participants under the first grant. Assuming the grant is carried out in early June 2024 and the share price of the Company on the Grant Date is RMB4.5 per share (estimated at the closing price of RMB4.5 per share on 17 April 2024, which will be duly forecasted when granted), the total estimated amortisation expense of the restricted shares will be RMB58.588 million. Such amortisation expenses shall be recognised in phases based on the unlocking proportions during the implementation of the Scheme and the capital reserve will be increased at the same time. See the table below for details:

Number of Restricted Shares under the first grant (‘0,000 shares)	Total cost (RMB‘0,000)	2024 (RMB‘0,000)	2025 (RMB‘0,000)	2026 (RMB‘0,000)	2027 (RMB‘0,000)	2028 (RMB‘0,000)
2,750.61	5,858.80	1,281.61	2,197.05	1,513.52	683.53	183.09

Note: The above are preliminary estimates made by the Company on the assumptions of the currently available data. Actual amounts shall be ascertained using fair values of the restricted shares that are measured on the actual Grant Date, which are subject to the amounts audited by the accounting firm. The accounting treatment of reserved Restricted Shares is identical to that of the restricted shares under the first grant in the Scheme.

The total expenses arising from the share incentive plan will be charged to recurring profit or loss. Based on the current situation, the Company estimates that the amortisation of the expenses under the Scheme will affect the net profit of each year during the Validity Period without considering the stimulating effect of the Scheme on the Company’s performance. Taking into consideration the positive effects of the Scheme on the Company’s development, such as boosting the enthusiasm of the management team and improving the operating efficiency, the performance improvement of the Company brought by the Scheme will outweigh the increase in expenses incurred by it.

Chapter XI Procedures of Implementation of the Scheme

I. Procedures for the Scheme to Take Effect

- (I) The remuneration committee of the Board of Directors shall be responsible for preparing the draft of the Restricted Share Incentive Scheme and submitting it to the Board of Directors for consideration and approval; the Board of Directors shall resolve on the Scheme in accordance with the laws. When the Board of Directors considers the Scheme, any director who is also a Participant or is a related party to a Participant shall abstain from voting.

- (II) The independent Directors and the Board of Directors of Supervisors shall issue opinions in respect of whether the Scheme is beneficial to the sustainable development of the Company or whether there is any considerable damage to the interests of the Company and the shareholders as a whole. A legal opinion on the Scheme shall be issued by a law firm engaged by the Company and it shall be announced at the same time as the proposal of the Scheme. The Company will engage an independent financial advisor to give its professional opinion on the feasibility of the Scheme, whether it is beneficial to the sustainable development of the Company, whether there is any damage to the interests of the Company and the impact on the interests of the shareholders.
- (III) The Scheme shall be submitted to the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) for consideration and implementation upon the consideration and approval of the Board of Directors and following the announcement procedures, and with approval of the competent state-owned assets supervision authorities. In the meantime, the shareholders' general meeting will be requested to authorize the Board of Directors to implement the grant, unlocking and repurchase of restricted shares.
- (IV) The Company shall internally publish the list of the Participants through the Company's website or other channels for a notification period of not less than 10 days before the convening of the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable). The Board of Directors of Supervisors shall verify the list of Participants and thoroughly consider any feedbacks. The Company shall publish an explanation on the verification results of the Board of Directors of Supervisors and the notification on the list of the Participants 5 days before the Scheme is considered at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable).
- (V) The Company shall conduct a self-inspection on the trading of the Company's Shares by persons who were privy to inside information during the six months prior to the announcement of the proposal of the draft share incentive scheme to state whether there is any insider trading.
- (VI) Prior to the convening of the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) to consider the share incentive scheme, the independent Directors shall solicit proxy voting rights from all shareholders regarding the Scheme. The shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) are required to vote on the content of the share incentive scheme under Article 9 of the Management Measures, and such shall be passed by more than 2/3 of the voting rights held by the shareholders

present at the meeting. Except for the Directors, Supervisors and senior management personnel of the Company, as well as the shareholders individually or collectively holding more than 5% of the Company's Shares, the voting by other shareholders shall be separately counted and disclosed. When the Scheme is considered at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) of the Company, shareholders who are Participants or shareholders who have a related-party relationship with the Participants shall abstain from voting thereon.

- (VII) The Company shall grant the restricted shares to the Participants within the prescribed period upon consideration and approval of the Scheme at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) and the fulfilment of grant conditions stipulated under the Scheme. The Board of Directors shall be responsible for the implementation of the work in relation to the grant, unlocking and repurchase of the Restricted Shares in accordance with the mandate granted at the shareholders' general meeting.

II. Procedures for Granting the Restricted Shares

- (I) Following the consideration and approval of the incentive scheme at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable), the remuneration committee of the Board of Directors shall be responsible for drafting the grant plan for the restricted shares;
- (II) The Board of Directors of the Company shall consider and approve the grant plan for the restricted shares proposed by the remuneration committee;
- (III) The Board of Directors shall consider and announce whether the conditions of a grant of interests to a Participant as set out in the Scheme have been satisfied before the Company makes a grant of interests to such Participant. The independent Directors and the Board of Directors of Supervisors shall both express their clear views; a law firm shall issue its legal opinion on whether the conditions for the grant of interests to the Participants have been fulfilled or not; the independent financial adviser shall at the same time give a clear opinion;
- (IV) The Board of Directors of Supervisors shall verify whether the list of Participants for the grant of restricted shares is consistent with those specified in the restricted share incentive scheme approved at the shareholders' general meeting as well as the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable);
- (V) The Company shall sign the "Grant of Restricted Shares Agreement" with the Participants in order to determine their respective rights and obligations relationships, including the amount and period of time for which the Participants are to pay the share purchase price;

- (VI) The Participants shall pay the consideration for subscribing the restricted shares into the account designated by the Company according to the Company's requirement, and have it verified and confirmed by a certified public accountant, otherwise such Participant shall be deemed as having waived his/her right to subscribe for the granted restricted shares;
- (VII) The Company shall grant the restricted shares to the Participants and complete the announcement and registration within 60 days after the Scheme has been considered and approved at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable). The Board of Directors of the Company shall disclose the relevant implementation in a timely manner by way of announcement after completion of the registration of Restricted Shares granted. In the event the Company fails to complete the procedures mentioned above within such 60 days, the implementation of the Scheme shall be terminated, and the Board of Directors shall disclose the reason for such non-completion in a timely manner and shall not reconsider share incentive scheme within the following three months (any period during which no granting of restricted shares is allowed by a listed company pursuant to the Management Measures shall not be included in the 60-day period);
- (VIII) Where a Participant who is a Director or a member of the senior management of the Company reduces his/her shareholding in the Company within 6 months prior to the grant of the restricted shares, and there is no case of trading with inside information after verification, the Company may defer the grant of restricted shares to six months after the date of his/her last reduction transaction in accordance with the provisions of the Securities Law on short-term trading;
- (IX) The Company shall make an application to the stock exchange in the first place before granting any restricted shares, and the securities registration and clearing institution will conduct the registration and clearing procedures thereof upon confirmation by the stock exchange;
- (X) After the registration of the grant of the restricted shares is completed, if it involves change in the registered capital of the Company, the Company shall go through the procedures in relation to the registration for changed matters with the relevant administration department for industry and commerce.

III. Procedures for Unlocking the Restricted Shares

- (I) The Company shall confirm whether the Participants have satisfied the Unlocking Conditions before the Unlocking Date. The Board of Directors shall consider whether the Unlocking Conditions under the Scheme have been satisfied. The independent Directors and the Board of Directors of Supervisors shall both express their clear views at the same time. A law firm shall issue a legal opinion on whether the conditions for the unlocking by the Participants

are fulfilled or not. For the Participants who have satisfied the Unlocking Conditions, the Company shall handle the unlocking procedures on a uniform basis, and for the Participants who have failed to satisfy the Unlocking Conditions, the Company will repurchase the restricted shares held by them corresponding to such unlocking. The Company shall disclose the implementation thereof in a timely manner by way of announcement.

- (II) A Participant may transfer the unlocked restricted shares, but the transfer of Shares held by the Directors and senior management personnel of the Company shall comply with the requirements of relevant laws, regulations and regulatory documents.
- (III) Before the unlocking of restricted shares of the Participants, the Company shall apply to the stock exchange. Upon confirmation by the stock exchange, the securities registration and clearing institution will handle the relevant registration and clearing matter.

Chapter XII Respective Rights and Obligations of the Company and the Participants

I. Rights and Obligations of the Company

1. The Company shall have the right to interpret and implement the Scheme and shall appraise the performance of the Participants based on the requirements under the Scheme. If a Participant fails to fulfill the Unlocking Conditions required under the Scheme, the Company will repurchase the corresponding restricted shares which have not been unlocked from the Participant in accordance with the principles under the Scheme.
2. Where a Participant has breached his/her obligations of good faith under the Company Law, the Articles of Association or other regulations, or impaired the interests or reputation of the Company as a result of violating the laws, breaching professional ethics, divulging confidential information of the Company, dereliction of duties or malpractice, the restricted shares which have not been unlocked shall be repurchased by the Company; in serious cases, the Board of Directors of the Company shall have the right to recover all or part of the gains made by him/her from his/her unlocked restricted shares.
3. The Company shall not provide loans and financial assistance in any other forms, including the provision guarantee for loans, to the Participants for acquiring or unlocking the restricted shares under the Scheme.
4. The Company shall discharge its obligations in a timely manner in relation to report and information disclosure under the Restricted Share Incentive Scheme in accordance with the relevant requirements.
5. The Company shall actively support the Participants who have fulfilled the Unlocking Conditions to unlock the restricted shares in accordance with the relevant requirements including those of the Scheme, the CSRC, the stock

exchange and the securities registration and clearing company. However, the Company disclaims any liability for losses incurred by the Participants who fail to unlock the Restricted Shares at their own will due to reasons caused by the CSRC, the stock exchange and the securities registration and clearing company.

6. The Company shall withhold and pay on behalf of the Participants the individual income tax and other taxes and fees payable by the Participants according to the relevant provisions of the national tax laws and regulations.
7. The Company's determination of the Participants of the Scheme does not imply that the Participants have the right to continue their service with the Company, nor does it constitute a commitment by the Company on the term of labour and employment of the employees. The labour and employment relationship between the Company and the employees shall continue to be governed by the labour and employment contracts entered into between the Company and the Participants.
8. Other relevant rights and obligations as stipulated by the laws and regulations.

II. Rights and Obligations of the Participants

1. The Participants shall comply with the requirements of his/her position as stipulated by the Company, and shall work diligently and responsibly, strictly observe professional ethics, and make contribution to the development of the Company.
2. Participants shall lock-up and deal with his/her restricted shares in accordance with relevant provisions of the Scheme. The restricted shares granted to the Participant shall not be entitled to any disposal rights such as transfer or use for guarantee or repayment of debts until the restricted shares are unlocked.
3. The Participants' source of funds shall be self-raised funds of the Participants.
4. Upon completion of the registration of transfer of ownership by the securities registration and clearing company, the restricted shares granted to the Participants shall have the due rights, including but not limited to the rights to dividends, rights to rights issue, voting rights and rights arising from the winding up of the Company, etc. However, during the Lock-up Period, the Shares allocated to original shareholders in the bonus shares, the capitalization issue shares and rights issue shares derived from the restricted shares granted to the Participants are correspondingly locked and cannot be sold in the secondary market or transferred by any other means. The end date for the Lock-up Period of such shares shall be the same as that for the restricted shares.

5. Any gains for the Participants generated from the Scheme are subject to individual income tax and other taxes and fees according to the national tax laws and regulations. The Participants agree that the Company shall on behalf of the Participants withhold and pay the aforesaid individual income tax.
6. The Participants undertake, where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with the conditions of granting and exercising of the entitlements, they shall return to the Company all benefits gained through the Scheme from the date when it is confirmed that the relevant information disclosure documents contain false statement or misleading representations or material omissions.
7. Upon the consideration and approval of the Scheme at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) of the Company, the Company shall sign a "Grant of Restricted Shares Agreement" with each Participant to expressly specify their respective rights and obligations under the Scheme and other related matters.
8. When the Company pays cash dividends, the Participants are entitled to the cash dividends in respect of the granted restricted shares after being withheld and paid the individual income tax. If the restrictions on those restricted shares fail to be unlocked, the Company shall deduct the cash dividend attributable to the Participant in repurchasing and cancelling the restricted shares in accordance with the requirements of the Scheme and make corresponding accounting treatment.
9. Other relevant rights and obligations as stipulated by the laws and regulations.

Chapter XIII Handling of Unusual Changes to the Company and the Participants

- I. **The Scheme shall be terminated immediately in case any of the following events occurs to the Company:**
 1. the financial accounting report for the latest accounting year has been issued with an adverse opinion or disclaimer of opinion by the certified public accountants;
 2. the internal control over financial reporting for the latest accounting year has been issued with an adverse opinion or disclaimer of opinion by the certified public accountants;
 3. any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;

4. prohibition from implementation of any share incentive by laws and regulations;
5. other circumstances under which the share incentive scheme shall be terminated as determined by the CSRC.

When the Company terminates the Scheme in the above circumstances, any Restricted Shares which have been granted to the Participants but not unlocked shall be repurchased by the Company at the Grant Price in accordance with the relevant provisions of the Scheme.

II. The Scheme shall not be changed and shall be implemented as usual in case any of the following events occur to the Company:

1. change of control of the Company;
2. merger or spin-off of the Company.

III. Where there are false representations or misleading statements contained in, or material omissions from the information disclosure documents of the Company and as a result of which the conditions of grant or arrangements for unlocking the restrictions are not satisfied, the restricted shares not unlocked shall be repurchased by the Company on a uniform basis. In respect of the restricted shares granted to the Participants which have been unlocked, the Participants concerned shall return to the Company all entitlements granted. Where a Participant not being responsible for any of the aforesaid matters returns the entitlements granted and thereby suffers losses, such Participant may claim against the Company or any other responsible persons in accordance with the relevant arrangements under the Scheme. The Board of Directors shall recover all the income obtained by the Participants in accordance with the aforesaid provisions and the relevant arrangements under the Scheme.

IV. Changes to the individual circumstances of the Participants during the Validity Period

1. Where a Participant has a normal job adjustment, and works in the Company and its subsidiaries or is dispatched by the Company, and belongs to the scope of equity incentive personnel, the restricted shares granted to them shall be dealt with in full accordance with the provisions of the share incentive scheme before the job adjustment; for those who do not fall within the scope of equity incentive personnel (including but not limited to when they become independent Directors or Supervisors and other persons who cannot hold restricted shares of the Company), the Company has the right to decide that the restricted shares of the Participants will still be unlocked at the original time and under the original conditions in the most recent Unlocking Period, and the percentage of unlocking of the restricted shares is determined based on the Participants' length of service in the corresponding year of performance. Those who have not yet met the time limit for the unlocking and

the performance assessment conditions in the remaining years will no longer be unlocked and will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.

2. Where a Participant retires and does not continue to work in the Company or its subsidiaries, or terminates the labor relationship with the Company due to objective reasons such as job adjustment not under the control of the individual, or terminates the labor relationship with the Company due to the loss of ability to work or death, the Company has the right to decide that the restricted shares of the Participants will still be unlocked at the original time and under the original conditions in the most recent Unlocking Period, and the percentage of unlocking of the restricted shares is determined based on the Participants' length of service in the corresponding year of performance. Those who have not yet met the time limit for the unlocking and the performance assessment conditions in the remaining years will no longer be unlocked and will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.
3. Where a Participant retires and accepts re-employment by the Company or its subsidiaries, the restricted shares granted to the Participant will be dealt with in full accordance with the procedures stipulated in the Scheme prior to the retirement; if the Company makes a request for continued employment and the Participant refuses, the restricted shares granted to the Participant but not yet unlocked will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.
4. Where a Participant terminates the labor contract due to the expiration of the labor contract, or terminates the labor contract due to vacating his/her office on his/her own initiative without causing any negative impact, the restricted shares which have been granted and not unlocked of such Participant shall be repurchased by the Company at the lower of the Grant Price or the market price of the Company's Shares at the time of the repurchase.
5. Where any of the following circumstances is applicable to a Participant, such Participant shall return the income derived from the equity incentive, and the restricted shares which have been granted but not unlocked shall be repurchased by the Company, and the repurchase price shall be the lower of the Grant Price or the market price of the Company's Shares at the time of the repurchase.
 - (1) Violation of national laws and regulations, breach of professional ethics, dereliction of duty or malfeasance of duty, etc., which seriously jeopardize the Company's interests or reputation and cause direct or indirect economic losses to the Company;
 - (2) In violation of the Company's rules and regulations and being subject to the punishment of removal from office for significant disciplinary violations in accordance with the Company's rules in relation to the management of rewards and punishments for employees;

- (3) where the Company has sufficient proof that the Participant, during his/her term of office, has caused direct or indirect losses to the Company due to his/her violation of laws or disciplines such as bribery, solicitation of bribes, corruption, theft and divulgence of operational and technological secrets of the Company;
 - (4) where the Participant is held criminally liable for act of crime;
 - (5) where the Participant causes improper losses to the Company as a result of violating relevant laws and regulations or the Articles of Association;
 - (6) where the restricted shares are not permitted to be granted to the Participant pursuant to Article 8 of the Management Measures.
6. Other circumstances not stated above, and the handling method thereof shall be determined by the Board of Directors.

V. Resolution of disputes between the Company and the Participants

Any dispute arising between the Company and the Participants shall be resolved in accordance with provisions of the Scheme and the "Grant of Restricted Shares Agreement". Disputes not explicitly covered by the provisions shall be resolved by negotiation in accordance with the national laws on fair and reasonable principles. Where negotiation is unsuccessful, litigation shall be instigated at a competent People's Court in the Company's place of domicile.

Chapter XIV Amendments and Termination of the Scheme

I. Procedures for Amendment to the Scheme

- (I) If the Company intends to amend the Scheme before it is considered at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable), such amendments shall be considered and approved by the Board of Directors.
- (II) If the Company amends the Scheme after it has been considered and approved (except for matters authorized at the shareholders' general meeting to the Board of Directors to resolve) at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable), such amendments shall be considered and approved at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable), provided that such amendments shall not include the following:
 - 1. resulting in unlocking of the restricted shares in advance;
 - 2. reducing the Grant Price.

- (III) The independent Directors and Board of Directors of Supervisors shall give independent opinions in respect of whether the Scheme after amendment may benefit the Company's sustainable development, and whether there is any considerable damage to the interests of the Company and the shareholders as a whole.
- (IV) A law firm shall give professional advices on whether the amended Scheme complies with the requirements of the Administrative Measures and relevant laws and regulations and whether there is any apparent prejudice to the interests of the Company and all shareholders.

II. Procedures for Termination of the Scheme

- (I) If the Company intends to terminate the implementation of the Scheme before it is considered at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable), such termination shall be considered and approved by the Board of Directors.
- (II) If the Company terminates the implementation of the Scheme after it has been considered and approved at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable), such termination shall be considered and approved at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable).
- (III) A law firm shall give professional advices on whether the termination of implementation of the Scheme complies with the requirements of the Administrative Measures and relevant laws and regulations and whether there is any apparent prejudice to the interests of the Company and all shareholders.
- (IV) Upon termination of the Scheme, the restricted shares that have not been unlocked shall be repurchased by the Company and handled in accordance with the requirements of the Company Law and the Codes on Buy-backs.
- (V) The Company shall make an application to the stock exchange first before repurchasing the Restricted Shares, and the securities registration and clearing institution will conduct the registration and settlement procedure thereof upon confirmation by the stock exchange.
- (VI) Where the Company terminates the implementation of the Scheme, no drafts of share incentive scheme shall be deliberated and disclosed within three months from the date of announcement of such resolution.

Chapter XV Principles for Repurchase of Restricted Shares

I. Method for Adjustment of Repurchase Volume

Upon completion of registration of the restricted shares granted to the Participants, in the event of any capitalization issue, bonus issue, sub-division of shares, rights issue or share consolidation, dividend distribution of the Company that affects the total share capital of the Company or the price of the Company's shares, the Company shall make corresponding adjustments to the repurchase price of the restricted shares that have not been unlocked. The adjustment methods are as follows:

1. Capitalization issue, bonus issue, sub-division of shares

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of the restricted shares before the adjustment; n represents the ratio per share resulting from capitalization issue, bonus issue and sub-division of shares (i.e. the increase in number of shares upon capitalization issue, bonus issue and sub-division of shares); Q represents the adjusted number of the Restricted Shares.

2. Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the restricted shares before the adjustment; P_1 represents the closing price as at the share registration date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of the restricted shares.

3. Share consolidation

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of the restricted shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one share shall be consolidated into n shares); Q represents the adjusted number of the restricted shares.

4. Dividend distribution, additional issue

Under the circumstance of dividend distribution or additional issue of new shares by the Company, no adjustment will be made to the number of the restricted shares.

II. Method for Adjustment of the Repurchase Price

In the event that the Company repurchases the restricted shares according to the Scheme, unless otherwise specified in the Scheme, the repurchase price shall be the Grant Price except for those whose repurchase price needs to be adjusted in accordance with the Scheme.

Upon completion of registration of the restricted shares granted to the Participants, in the event of any capitalization issue, bonus issue, sub-division of shares, rights issue or share consolidation, dividend distribution of the Company that affects the total share capital of the Company or the price of the Company's shares, the Company shall make corresponding adjustments to the repurchase price of the restricted shares that have not been unlocked. The adjustment methods are as follows:

1. Capitalization issue, bonus issue and sub-division of shares

$$P = P_0 \div (1 + n)$$

Where: P represents the repurchase price of each restricted shares after adjustment; P_0 represents the Grant Price of each restricted shares; n represents the ratio per share resulting from the capitalization issue, bonus issue and sub-division of shares (i.e. the number of shares increased per share upon capitalization issue, bonus issue or sub-division of shares).

2. Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: P_1 represents the closing price as at the share registration date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue)

3. Share consolidation

$$P = P_0 \div n$$

Where: P represents the repurchase price of each restricted shares after adjustment; P_0 represents the Grant Price of each restricted shares; n represents the ratio per share of consolidation of shares (i.e. 1 share of the Company to be consolidated into n shares).

4. Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the repurchase price of each restricted shares before adjustment; V represents the dividend per share; P represents the repurchase price of each Restricted Share after adjustment. P shall be greater than 1 after the dividend distribution.

5. Additional issue

Under the circumstance of additional issue of new Shares by the Company, no adjustment will be made to the repurchase price of the restricted shares.

III. Procedures for Adjustment of Repurchase Price and Repurchase Volume

- (I) The Board of Directors shall be authorized at the shareholders' general meeting to adjust the repurchase price and repurchase volume of restricted shares based on the reasons listed above. The Board of Directors shall make announcement in a timely manner after adjusting the repurchase price and repurchase volume in accordance with the above provisions.
- (II) If it is necessary to adjust the repurchase price and repurchase volume due to other reasons, a resolution shall be made by the Board of Directors, and it shall be considered and approved at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable).

IV. Procedures of Repurchase

- (I) The Company shall in a timely manner convene a meeting of the Board of Directors to consider the share repurchase program in accordance with the above provisions, and if necessary, submit the repurchase plan to the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) for approval, and announce the same in a timely manner.
- (II) When the Company implements a repurchase under the Scheme, it shall be implemented in accordance with the requirements under the Company Law and the Codes on Buy-backs.
- (III) The Company shall apply with the stock exchange for handling the relevant procedures of the restricted shares when implementing the repurchase under the Scheme, upon the confirmation by the stock exchange, the Company shall complete the procedures at a securities registration and clearing institution in a timely manner, and make an announcement.

Chapter XVI Other Important Matters

- I. In the event of any conflict between the articles of the Scheme and the relevant national laws, regulations, administrative rules and prescriptive documents, the relevant national laws, regulations and administrative rules and regulations shall prevail. For anything not explicitly covered herein, the relevant national laws, regulations and administrative rules, prescriptive documents shall apply.
- II. In case the Participants disposes of the shares acquired pursuant to the Scheme in violation of the Scheme, the Articles of Association or the relevant national laws, regulations and administrative rules and prescriptive documents, the proceeds thereof shall belong to the Company, and the Board of Directors of the Company shall be responsible for the implementation of the same.
- III. The implementation of the Scheme shall be subject to completion of the following procedures: The consideration and approval of competent state-owned assets supervision authorities; the consideration and approval of shareholders' general meeting and the A share and H share class meetings (where applicable).
- IV. The Board of Directors authorizes the remuneration committee to formulate the administrative measures for the Scheme.
- V. The right to interpret the Scheme shall belong to the Board of Directors of the Company.

China Aluminum International Engineering Corporation Limited Management Measures for the 2023 Restricted Share Incentive Scheme

Chapter I General Provisions

Article 1 These measures are hereby formulated for the purpose of implementing the 2023 Restricted Share Incentive Scheme (hereinafter referred to as the “Restricted Share Incentive Scheme” or the “Scheme”) of China Aluminum International Engineering Corporation Limited (hereinafter referred to as “CHALIECO” or the “Company”), and to clarify various contents of the Scheme such as the management organization and its responsibilities, the implementation procedures, and the handling of special circumstances.

Article 2 These measures are formulated in accordance with relevant national laws, administrative regulations, departmental rules and prescriptive documents, as well as the relevant requirements of the Articles of Association of CHALIECO and those of the Restricted Share Incentive Scheme, in combination with the actual situation of the Company, these measures shall come into effect after being considered and approved by the shareholders’ general meeting, the A share and H share class meetings of the Company.

Article 3 The Restricted Share Incentive Scheme is a medium-to-long-term incentive scheme with the Company’s A-shares as the consideration and implemented among the Company’s Directors, senior management personnel and core technical personnel and management backbone personnel who have a direct impact on the Company’s operating results and sustainable development. The Restricted Share Incentive Scheme shall become effective after being proposed by the remuneration committee, being considered by the Board of Directors, having gone through the relevant procedures of the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as “SASAC”), and being considered and approved by the shareholders’ general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable).

Article 4 The Board of Directors shall conduct strict management based on the Restricted Share Incentive Scheme (the revised and effective version shall prevail, if any) considered and approved by the general meeting, the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable), and in accordance with the principles of lawfulness, standardization, openness and transparency.

Article 5 The management of the Restricted Share Incentive Scheme shall include the formulation and revision of the Restricted Share Incentive Scheme, the qualification examination of the Participants, the grant and unlocking of the Restricted Shares and information disclosure, among others.

Article 6 Unless otherwise specified, the meanings of the terms involved in these measures shall be the same as those defined in the Restricted Share Incentive Scheme.

Chapter II Administrative Authorities and their Respective Responsibilities

Article 7 The general meeting, as the ultimate body of authority of the Company, shall be responsible for considering and approving the implementation, amendments and termination of the Scheme, as well as authorizing the Board of Directors to handle certain matters related to the Restricted Share Incentive Scheme. The authorities involved in the implementation of management of the Restricted Share Incentive Scheme shall include the Board of Directors, the Board of Supervisors and the remuneration committee. A working group set up under the remuneration committee shall be responsible for the specific implementation of the relevant works of the Restricted Share Incentive Scheme.

Article 8 The Board of Directors shall be the executive and management body of the Restricted Share incentive Scheme and shall be responsible for reviewing the Restricted Share Incentive Scheme prepared by the remuneration committee and submitting it to the Company's shareholders' general meeting as well as the A share and H share class meetings for approval and to external regulatory authorities for review, and shall, within the scope of the authorization by the shareholders' general meeting, instruct the working group in the specific handling of the matters related to the Restricted Share incentive Scheme:

- (I) Authorize the Board of Directors to determine the grant date of the Restricted Shares;
- (II) Authorize the Board of Directors to make corresponding adjustments to the number of Restricted Shares to be granted and the grant price in accordance with the method stipulated in the Scheme in the event of capitalisation issue, bonus issue, sub-division or consolidation of shares, rights issue or dividend distribution, among others, by the Company;
- (III) Authorize the Board of Directors to considerate whether the conditions for the Company's granting of Restricted Shares to, and the recipient of the same by the Participants have been fulfilled and to handle all matters relating to the granting and registration and settlement of Restricted Shares;
- (IV) Authorize the Board of Directors to considerate whether the conditions for the current unlocking of Restricted Shares in the part of the Company and the granting to Participants have been fulfilled and to handle all matters relating to the unlocking of Restricted Shares;
- (V) Authorize the Board of Directors to repurchase the Restricted Shares which have not been unlocked in accordance with the provisions of the Scheme in the event of repurchase as stipulated in the Scheme, and to deal with all matters relating to the repurchase of such Restricted Shares, including but not limited to the registration and settlement of such Restricted Shares, the amendment of the Articles of Association and the change in the registered capital of the Company, among others;

- (VI) Authorize the Board of Directors to make corresponding adjustments to the number of Restricted Shares to be granted and the grant price in accordance with the method stipulated in the Scheme in the event of capitalisation issue, distribution of bonus issue, sub-division or consolidation of shares, dividend distribution and rights issue, among others, by the Company;
- (VII) Authorize the Board of Directors to deal with the Restricted Shares granted to the Participants that are unlocked or not unlocked in accordance with the provisions of the Scheme in the event of special circumstances, such as abnormal changes in the Company or the Participants;
- (VIII) Authorize the Board of Directors to exclude or replace the sample of benchmarking companies for the performance assessment of the Scheme in accordance with the provisions of the Scheme and changes in the benchmarking companies;
- (IX) Authorize the Board of Directors to carry out entire process management of the implementation of the Scheme, provided that if the laws, regulations, prescriptive documents or relevant regulatory authorities require that such management measures be approved by the shareholders' general meeting, the class meeting and/or relevant regulatory authorities, the Board of Directors must obtain the corresponding approval for such management measures;
- (X) Authorize the Board of Directors to deal with procedures such as approval, registration, filing, approve, endorsement, consent, etc., with the relevant governments, authorities, etc., with respect to the Scheme, to sign, execute, amend and complete the documents submitted to the relevant governments, authorities and organizations, and to do all such acts as it may deem necessary, proper, or desirable in connection with the Scheme;
- (XI) In the event of amendments to laws, regulations and prescriptive documents, authorize the Board of Directors to make adjustments to the relevant contents of the Scheme in accordance with such amendments;
- (XII) Authorize the Board of Directors to implement other matters necessary for the implementation of the Scheme, except for the rights that may not be authorized to the Board of Directors but must be exercised by the shareholders' general meeting or the class meetings as stipulated in the relevant laws, rules and regulations, prescriptive documents, or the requirements of the relevant regulatory authorities.
- (XIII) The period of submitting the proposal to the shareholders' general meeting and the A share and H share class meetings for authorization to the Board of Directors is consistent with the validity period of the Scheme.

The above authorizations may be exercised directly by the persons authorized by the Board of Directors on behalf of the Board of Directors, except for those matters that are expressly provided for in laws, regulations, prescriptive documents, the Scheme or the Articles of Association that shall be resolved by the shareholders' general meeting, class meeting or the Board of Directors.

Article 9 The independent Directors shall issue independent opinions in respect of whether the Scheme is beneficial to the sustainable development of the Company, whether there is any damage to the interests of the Company and the Shareholders as a whole, expressing independent opinions as to the granting of interests to the Participants set up under the Restricted Share Incentive Scheme and the fulfillment of the conditions of exercising such interests, and solicit proxy voting rights from all shareholders in connection with the Scheme.

Article 10 The Board of Supervisors shall be the supervisory authority for the Scheme:

- (I) To be responsible for supervising whether the implementation of the Restricted Share Incentive Scheme is in compliance with relevant laws, administrative regulations, departmental rules, prescriptive documents and business rules of stock exchanges, and shall also be responsible for supervising whether the Restricted Share Incentive Scheme is implemented in accordance with the internal formulated procedures;
- (II) To verify and comment on the list of Participants;
- (III) To express independent opinions in respect of whether the Restricted Share Incentive Scheme would benefit the sustainable development of the listed company, and whether there is any obvious damage to the interests of the listed company and its shareholders as a whole.
- (IV) To comment on whether the conditions for granting of interests to and the exercising thereof by the Participants under the Restricted Share Incentive Scheme have been fulfilled.

Article 11 Duties of the remuneration committee of the Board of Directors:

- (I) To draft the Restricted Share Incentive Scheme, the appraisal and management measures, these measures and other relevant supporting systems, and to submit them to the Board of Directors for consideration;
- (II) To lead and organize the working group established under it to carry out the work related to the implementation of the Restricted Share Incentive Scheme.

Article 12 The remuneration committee of the Board of Directors shall set up a working group, which shall comprise relevant personnel in charge of human resources management, financial management, performance appraisal, securities affairs and legal affairs. The duties of the working group are as follows:

- (I) To formulate performance appraisal measures for Participants, and to organize and implement their performance appraisal;
- (II) Assisting the remuneration committee in drawing up specific implementation schemes for the Scheme, including drawing up proposed schemes for matters such as the list of Participants and the number of grant of Restricted Shares;
- (III) Organize the Participants to enter into the Grant of Restricted Shares Agreement (the “Grant Agreement”), supervise the Participants to perform their obligations under the Restricted Share Incentive Scheme, these measures and the Grant Agreement, and propose to the remuneration committee of the Board of Directors the implementation, suspension, release from sales restrictions, or repurchase and cancellation of the Restricted Shares granted to the Participants;
- (IV) To be responsible for the measurement of the relevant financial indicators of the Scheme, the accounting works involved in the implementation of the Scheme, and the measurement of the amount of Restricted Shares to be unlocked in accordance with the provisions of the Restricted Share Incentive Scheme;
- (V) To give opinions on the compliance of the Restricted Share Incentive Scheme and these measures in the course of their implementation, to review the agreements, contracts and other legal documents signed by the Company in the course of the formulation and implementation of the Restricted Share Incentive Scheme and these measures, and to deal with legal issues or legal disputes arising in the course of the implementation of the Restricted Share Incentive Scheme;
- (VI) To be responsible for the organization and preparation of motions for the Board of Directors and the shareholders’ general meeting of the Company as well as the A share and H share class meetings during the process of approval and implementation of the Restricted Share Incentive Scheme and these measures;

Chapter III Participants and Quota for the Incentive

Article 13 The Participants shall be Directors, senior management personnel, other management personnel and core technical (business) backbone personnel of the Company (including branches and controlled subsidiaries) who have entered into labor contracts with the Company or its controlling subsidiaries.

The Company shall not implement share incentive for all employees and the following persons:

- (I) The persons-in-charge of the central enterprises under the management of the Party Committee of SASAC;
- (II) Independent Directors, external Directors and supervisors of the listed company;
- (III) shareholders individually or in aggregate holding more than 5% of the Shares of the Company or the de facto controllers and their spouses, parents or children;
- (IV) Other staff of the enterprise who are not eligible for becoming a Participant.

Among the Participants, Directors of the Company must have been elected at a shareholders' general meeting, and senior management personnel of the Company must have been engaged by the Board of Directors.

Article 14 The Participants shall not participate in the Company's share incentive scheme in an irregular manner such as "intermediary shareholding" or "nominal shareholding".

Article 15 The total number of the underlying shares under share incentive(s) throughout the Validity Period of the Company shall not exceed 10% of the total issued share capital of the Company. The implementation of share incentive shall not result in the loss of de facto control by the state-owned controlling shareholder.

Article 16 The total amount of incentives for the first implementation of share incentive of the Company shall in principal not exceed 1% of the Company's total share capital. The cumulative number of shares granted to any individual Participant through all share incentive schemes within the Validity Period shall not exceed 1% of the total issued share capital of the Company.

Article 17 Participants of the Scheme shall bear the expenses incurred in exercising the rights and interests or purchasing the shares, and shall pay personal income tax in relation to the share incentive income in accordance with the law.

Article 18 The Company shall not, directly or indirectly through related parties, provide loans, guarantees or any other forms of financial assistance to the Participants for the purpose of obtaining the relevant interests under the Share Incentive Scheme.

Chapter IV Procedures for the Implementation of the Scheme

Article 19 The remuneration committee under the Board of Directors of the Company shall be responsible for preparing the draft Restricted Share Incentive Scheme and submitting it to the Board of Directors for consideration.

Article 20 The Board of Directors of the Company shall resolve on the Scheme in accordance with the law. When the Board of Directors deliberates on the Scheme, Directors who are Participants or Directors who are related to such Participant Directors shall abstain from voting. The independent Directors and the Board of Supervisors shall issue opinions in respect of whether the scheme is beneficial to the sustainable development of the Company or whether there is any considerable damage to the interests of the Company and the shareholders as a whole. A legal opinion on the scheme shall be issued by a law firm engaged by the Company and the legal opinion shall be announced at the same time as the proposal of the Scheme. The Company will engage an independent financial advisor to give its professional opinion on the feasibility of the Scheme, whether it is beneficial to the sustainable development of the Company, whether there is any damage to the interests of the Company and the impact on the interests of the Shareholders.

Article 21 After announcement of the Restricted Share Incentive Scheme, the Company shall internally publish the list of the Participants through the Company's website or other channels for a notification period of not less than 10 days before the convening of the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable). The Board of Supervisors shall verify the list of Participants and thoroughly consider any feedbacks. The Company shall publish an explanation on the verification results of the Board of Supervisors and the notification on the list of the Participants 5 days before the Scheme is considered at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable). The Company shall conduct a self-inspection on the trading of the Company's Shares by persons who were privy to inside information during the six months prior to the announcement of the proposal of the draft share incentive scheme to state whether there is any insider trading.

Article 22 The application materials of the Restricted Share Incentive Scheme shall be reported to the State-owned Assets Supervision and Administration Commission of the State Council for examination and approval.

Article 23 After examination and approval by the State-owned Assets Supervision and Administration Commission of the State Council, the Company shall issue a notice of convening a shareholders' general meeting and, if applicable, an A share and H share class meeting (where applicable) as provided in the Articles of Association in force at the time. Prior to the convening of the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) to consider the share incentive scheme, the independent Directors shall solicit proxy voting rights from all shareholders regarding the motions in relation to the Scheme.

Article 24 The Scheme shall be considered at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) of the Company and be approved by more than two-thirds of the voting rights held by shareholders present at the meeting, shareholders who are proposed Participants or shareholders who have a related-party relationship with the Participants shall abstain from voting thereon.

Article 25 The Company shall grant the Restricted Shares to the Participants within the prescribed period upon consideration and approval of the Scheme at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable) and the fulfilment of grant conditions stipulated under the Scheme. The Board of Directors shall be responsible for the implementation of the work in relation to the grant, unlocking and repurchase of the Restricted Shares after authorization by the shareholders' general meeting.

Chapter V Grant of Restricted Shares

Article 26 Following the consideration and approval of the incentive scheme at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable), the remuneration committee of the Board of Directors shall be responsible for drawing up the Restricted Shares grant scheme; the Board of Directors shall consider and announce whether the conditions of a grant of interests to a Participant as set out in the Scheme have been satisfied before the Company makes a grant of interests to such Participant. The independent Directors and the Board of Supervisors shall both express their clear views; a law firm shall issue legal opinion on whether the conditions for the grant of interests to the Participants have been fulfilled or not; the independent financial adviser shall at the same time give a clear opinion;

Article 27 The Board of Supervisors of the Company shall verify whether the list of Participants for the grant of Restricted Shares is consistent with those specified in the Restricted Share incentive scheme approved at the shareholders' general meeting as well as the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable).

Article 28 The Company shall enter into the "Agreement of Grant" with the Participants to determine their respective rights and obligations relationships, including the amount and period of time for which the Participants are to pay the share purchase price; the Participants shall pay the consideration for subscribing the Restricted Shares into the account designated by the Company in line with the Company's requirement, and have it verified and confirmed by a certified public accountant, otherwise such Participant shall be deemed as having waived his/her right to subscribe for the granted Restricted Shares.

Article 29 The Company shall maintain a management register of the Restricted Share Incentive Scheme, which contains the names of the Participants, their securities accounts, the number of Restricted Shares granted, the date of grant, and the serial number of the Agreement of Grant for Restricted Shares.

Article 30 The Company shall grant the Restricted Shares to the Participants and complete the announcement and registration within 60 days after the Scheme has been considered and approved at the shareholders' general meeting and the A share and H share class meetings as stipulated in the Articles of Association then in effect (where applicable). The Board of Directors of the Company shall disclose the relevant implementation in a timely manner by way of announcement after completion of the registration of Restricted Shares granted. In the event the Company fails to complete the procedures mentioned above within such 60 days, the implementation of the Scheme shall be terminated, and the Board of Directors shall disclose the reason for such non-completion in a timely manner and shall not reconsider share incentive scheme within the following three months (any period during which no granting of Restricted Shares is allowed by a listed company pursuant to the Management Measures shall not be included in the 60-day period).

Article 31 Where a Participant who is a director or a senior management personnel of the Company reduces his/her shareholding in the Company within 6 months prior to the grant of the Restricted Shares, and there is no case of trading with inside information after verification, the Company may defer the grant of Restricted Shares to six months after the date of his/her last reduction transaction in accordance with the provisions of the Securities Law on short-term trading;

Article 32 The Company shall make an application to the stock exchange first before granting any Restricted Shares, and the securities registration and clearing institution will conduct the registration and clearing procedures thereof upon confirmation by the stock exchange; after the registration of the grant of the Restricted Shares is completed, if it involves change in the registered capital of the Company, the Company shall go through the procedures in relation to the registration for changed matters with the relevant administration department for industry and commerce.

Chapter VI Unlocking of the Restricted Shares

Article 33 Restricted Shares granted under the Restricted Share Incentive Scheme shall enter a 36-month unlocking period after the expiration of 24 months from the date of completion of registration. The working group shall assist the remuneration committee in verifying the fulfillment of the conditions for the unlocking of Restricted Shares by the Company as of the unlocking date of each unlocking period. If the conditions for the unlocking of Restricted Shares as stipulated in the Restricted Share Incentive Scheme are fulfilled, the unlocking coefficient for each Participant shall be determined based on the performance appraisal results of the Participants. The remuneration committee shall prepare an unlocking plan and submit it to the Board of Directors for approval.

Article 34 The maximum number of Restricted Shares that may be applied for unlocking of Restricted Shares by a Participant during each unlocking period shall be 40%, 30% and 30% of the number of Restricted Shares granted under the Restricted Share Incentive Scheme, and the actual number of Restricted Shares that may be unlocked shall be linked to the performance appraisal results of the Participant for the corresponding appraisal year.

Article 35 After the Board has approved the unlocking plan, the Company shall submit an application for unlocking to the Shanghai Stock Exchange and the securities registration and clearing company.

Chapter VII Handling of Special Circumstances

Article 36 Handling of unusual changes to the company

(I) The Scheme shall be terminated immediately in case any of the following events occurs to the Company:

1. the financial accounting report for the latest accounting year has been issued with an adverse opinion or disclaimer of opinion by the certified public accountants;
2. the internal control over financial reporting for the latest accounting year has been issued with an adverse opinion or disclaimer of opinion by the certified public accountants;
3. any failure to distribute profits in accordance with the laws and regulations, the Articles of Association and public commitments within the last 36 months after listing;
4. being prohibited from implementation of any share incentive by laws and regulations;
5. other circumstances under which the share incentive scheme shall be terminated as determined by the CSRC.

When the Company terminates the Scheme in the above circumstances, any Restricted Shares which have been granted to the Participants but not unlocked shall be repurchased by the Company at the Grant Price in accordance with the relevant provisions of the Scheme.

(II) The Scheme shall not be changed and shall be implemented as usual in case any of the following events occur to the Company:

1. change of control of the Company;
2. merger or spin-off of the Company.

- (III) Where there are false representations or misleading statements contained in, or material omissions from the information disclosure documents of the Company and as a result of which the conditions of grant or arrangements for unlocking the restrictions are not satisfied, the Restricted Shares not unlocked shall be repurchased by the Company on a uniform basis. In respect of the Restricted Shares granted to the Participants which are already unlocked, the Participants concerned shall return to the Company all entitlements granted. Where a Participant not being responsible for any of the aforesaid matters returns the entitlements granted and thereby suffers losses, such Participant may claim against the Company or any other responsible persons in accordance with the relevant arrangements under the Scheme. The Board of Directors shall recover all the income obtained by the Participants in accordance with the aforesaid provisions and the relevant arrangements under the Scheme.

Article 37 Handling of changes to individual circumstances of the Participants

- (I) Where a Participant has a normal job adjustment, and works in the Company and its subsidiaries or is dispatched by the Company, and belongs to the scope of equity incentive personnel, the Restricted Shares granted to them shall be fully implemented in accordance with the provisions of the Share Incentive Scheme before the job adjustment; for those who do not fall within the scope of equity incentive personnel (including but not limited to when they become independent Directors or supervisors and other persons who are not eligible to hold Restricted Shares of the Company), the Company has the right to decide that the Restricted Shares of the Participants will still be unlocked at the original time and under the original conditions in the most recent Unlocking Period, and the percentage of unlocking of the Restricted Shares is determined based on the Participants' length of service in the corresponding year of performance. Those who have not yet met the time limit for the unlocking and the performance assessment conditions in the remaining years will no longer be unlocked and will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.
- (II) Where a Participant retires and does not continue to work in the Company or its subsidiaries, or terminates the labor relationship with the Company due to objective reasons such as job adjustment not under the control of the individual, or terminates the labor relationship with the Company due to the loss of ability to work or death, the Company has the right to decide that the Restricted Shares of the Participants will still be unlocked at the original time and under the original conditions in the most recent Unlocking Period, and the percentage of unlocking of the Restricted Shares is determined based on the Participant's length of service in the corresponding year of performance. Those who have not yet met the time limit for the unlocking and the performance assessment conditions in the remaining years will no longer be

unlocked and will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.

- (III) Where a Participant retires and accepts re-employment by the Company or its subsidiaries, the Restricted Shares granted to the Participant will be treated in full accordance with the procedures stipulated in the Scheme prior to the retirement; if the Company makes a request for continued employment and the Participant refuses, the Restricted Shares granted to the Participant but not yet unlocked will be repurchased by the Company at the Grant Price plus interest on fixed bank deposits in the same period.
- (IV) Where a Participant terminates the labor contract due to the expiration of the labor contract, or terminates the labor contract due to vacating his/her office on his/her own initiative without causing any negative impact, the Restricted Shares which have been granted and not unlocked of such Participant shall be repurchased by the Company at the lower of the Grant Price or the market price of the Company's shares at the time of the repurchase.
- (V) Where any of the following circumstances is applicable to a Participant, such Participant shall return the income derived from the equity incentive, and the Restricted Shares which have been granted but not unlocked shall be repurchased by the Company, and the repurchase price shall be the lower of the Grant Price or the market price of the Company's shares at the time of the repurchase.
 - 1. Violation of national laws and regulations, breach of professional ethics, dereliction of duty or malfeasance of duty, etc., which seriously jeopardizes the Company's interests or reputation and causes direct or indirect economic losses to the Company;
 - 2. In violation of the Company's rules and regulations and being subject to the punishment of removal from office for significant disciplinary violations in accordance with the Company's rules in relation to the management of rewards and punishments for employees;
 - 3. where the Company has sufficient proof that the Participant, during his/her term of office, has caused direct or indirect losses to the Company due to his/her violation of laws or disciplines such as bribery, solicitation of bribes, corruption, theft and divulgence of operational and technological secrets of the Company;
 - 4. where the Participant is held criminally liable for act of crime;
 - 5. where the Participant causes improper losses to the Company as a result of violating relevant laws and regulations or the Articles of Association;
 - 6. where the Restricted Shares are not permitted to be granted to the Participant pursuant to Article 8 of the Management Measures.

- (VI) Other circumstances not stated above, and the handling method thereof shall be determined by the Board of Directors.

Chapter VIII Supplementary Provisions

Article 38 These Measures shall be formulated, interpreted and revised by the Board of Directors.

Article 39 These measures shall come into effect on the date when they are considered and approved (if applicable) by the shareholders' general meeting of the Company and the A share and H share class meeting as stipulated in the Articles of Association of the Company in force at the time.

China Aluminum International Engineering Corporation Limited Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme

Chapter I General Provisions

Article 1 To ensure the smooth implementation of the 2023 Restricted Share Incentive Scheme (hereinafter referred to as the “Scheme”) of China Aluminum International Engineering Corporation Limited (hereinafter referred to as the “Company”), to ensure that the granting and unlocking of Restricted Shares to the Participants is in line with the actual management needs of the Company, and to form a well-balanced value distribution system, and at the same time to safeguard the fairness and effectiveness of the Scheme, these measures are hereby formulated in accordance with the relevant national regulations and the actual situation of the Company.

Article 2 The appraisal of the Scheme shall stick to the following principles:

1. Strategic orientation and business integration. Break down corporate strategic objectives and annual key tasks on a level-by-level basis, promote the efficient operation of various businesses, and ensure the effective implementation of strategic objectives.
2. Focus on actual performance and scientific quantification. Set up reasonable appraisal indicators and evaluation standards, assess the performance of the Participants on the basis of actual work performance, in accordance with standardized procedures and scientific methods and in an open, fair and impartial manner.
3. People-oriented and strengthening incentives. Adhere to the combination of the Company’s interests and individual incentive, as well as the combination of individual work performance and corporate organizational performance.

Article 3 The scope of the appraisal of these measures shall be the Participants identified in the Scheme, including:

1. Directors and senior management personnel of the Company;
2. other management personnel of the Company;
3. core technical (business) backbone personnel of the Company.

Among the above Participants, Directors must have been elected at a shareholders' general meeting, and senior management personnel must have been engaged by the Board of Directors. All Participants must have labour or employment relationship with the Company or a subsidiary of the Company. The scope of Participants of the Scheme does not include persons-in-charge of central state-owned enterprises under the administration of the Party Committee of the SASAC, as well as independent Directors, external Directors, supervisors and shareholders holding more than 5% of the shares, either individually or in aggregate, or de facto controllers of the Company and their spouses, parents and children. Participants shall not participate in the share incentive schemes of two or more listed companies at the same time.

Chapter II Administrative Authorities

Article 4 The Remuneration Committee under the Board of Directors of the Company shall be responsible for leading and organizing the appraisal works against the Participants.

Article 5 The Company's relevant departments responsible for human resources, financial management and performance appraisal respectively shall be responsible for the specific assessment works under the guidance of the remuneration committee of the Board of Directors, and shall keep records of the assessment results to formulate a performance appraisal report based on the results and submit the same to the remuneration committee of the Board of Directors for deliberation.

Chapter III The Appraisal System

Article 6 The proportion of Restricted Shares that may be unlocked for the current year shall be determined on the basis of the appraisal results at the Company level and at the individual level. Such corresponding Restricted Shares of the Participant that have not been unlocked for the current period due to performance appraisal at the Company level or performance appraisal at the individual level shall not be unlocked or deferred to the next period to unlock.

Article 7 The Restricted Shares granted under the Scheme will be subject to performance appraisal on an annual basis over the three appraisal accounting years (2024-2026) of the Unlocking Period, with the achievement of the performance appraisal targets as the condition for the release of the Restricted Shares for the Participants. Performance appraisal targets for the unlocking of the Restricted Shares granted under the first grant and reserved grant of the Scheme are set out in the table below:

Unlocking Period	Performance Appraisal Targets
First Unlocking Period	(1) Cash return on net assets (EOE) for 2024 shall not be less than 13.76% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2024 shall not be less than 24.72% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value-added increment (ΔEVA) for 2024 shall be greater than 0.
Second Unlocking Period	(1) Cash return on net assets (EOE) for 2025 shall not be less than 14.52% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2025 shall not be less than 26.18% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies; (3) Economic value-added increment (ΔEVA) for 2025 shall be greater than 0.
Third Unlocking Period	(1) Cash return on net assets (EOE) for 2026 shall not be less than 15.18% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies;

Unlocking Period**Performance Appraisal Targets**

- (2) On the basis of 2022 performance, the compound growth rate of net profit attributable to shareholders of the parent company for 2026 shall not be less than 26.27% and not lower than the average performance of industry peers or the 75th percentile of the benchmarking companies;
- (3) Economic value-added increment (ΔEVA) for 2026 shall be greater than 0.

Notes:

- 1. $EOE = EBITDA / \text{average net assets}$, where EBITDA is earnings before interest, taxes, depreciation, and amortization; average net assets is the arithmetic average of the sum of the Company's owners' equity at the beginning and end of the period.
- 2. If the major asset restructuring as determined by a superior authority or such strategic measures as debt-to-equity, increase in capital and shares, rights issue, issuance of preferred shares and perpetual bonds implemented by the Company in response to the call of national policies related to deleveraging and debt reduction may affect the relevant performance indicators and force majeure events encountered by the Company have significant influence on operating results, resulting in incomparability of relevant performance indicators, the Board of the Company is authorized to restore the actual value of the relevant performance indicators.

Article 8 The individual appraisal of the Participants shall be conducted annually in accordance with the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司2023年限制性股票激勵計劃實施考核管理辦法》) and the appraisal indicators for the various job posts shall be formulated by the company to which the post belongs, which mainly include: the three perspectives of work performance, work ability and professional ethics:

- 1. **Work performance:** It is an assessment of employees' quantifiable solid results and unquantifiable evaluable results, and it is a measurement of the effectiveness and achievements of employees in completing their own work tasks.

2. Work ability: It is an assessment of employees' basic business abilities, technical abilities, management abilities and innovation abilities, etc.
3. Professional ethics: It is an assessment of employees' ideological and political performance and attitude towards work, which mainly includes: responsibility, disciplinary, enthusiasm and collaboration, etc.

Article 9 With respect to the appraisal of work performance, in line with the job posts of the Participants, the appraisal levels of the incentive targets shall be categorized as follows: operational and management personnel, scientific research and technical personnel, market development personnel and project management personnel. The work performance shall be assessed according to the appraisal level of the Participants:

1. Operational and management personnel: quantitative assessment shall be conducted mainly based on production and operation targets and the completion of key work tasks.
2. Scientific research and technical personnel: quantitative assessment shall be conducted mainly based on the work results, work efficiency, work quality and innovative research of the job post.
3. Market development personnel: quantitative assessment shall be conducted mainly based on the annual market development contract amount, contract gross profit margin rate and the completion of new market development targets.
4. Project management personnel: quantitative assessment shall be conducted mainly based on project quality, efficiency, progress, safety and project cost.

If there is a change to the position of the Participant during the appraisal period, the appraisal indicators shall follow the change of position (e.g., removal, demotion or disciplinary actions due to personal reasons), and at the end of the year, the weights of the former and the latter positions will be summed up according to the time period for calculating the performance level (if there is a transition period for the transfer to a new position, the transition period will be assessed according to the appraisal indicators of the former position).

Article 10 In each appraisal year, the appraisal data are collected by the appraisee's immediate supervisor, subordinates and relevant peer personnel for rating of appraisal scores (Directors and senior management personnel shall be appraised by the Board of Directors), and the appraisal results (S) shall be categorized into three grades. The percentage of unlocking of the Restricted Shares for the year shall be determined in accordance with individuals' performance evaluation results. The individuals' actual unlocking quota for the current year = standard coefficient × the planned quota to be unlocked by individuals in the current year. Special circumstances in the appraisal of the individual shall be decided by the Board of Directors. See the table below for details:

Appraisal results (S)	S≥80	80>S≥70	S<70
Standard coefficient	1.0	0.9	0

All or part of the Restricted Shares of the Participant that have not been unlocked for the current period due to performance appraisal at the Company level or performance appraisal at the individual level shall not be unlocked or deferred to the next period to unlock, and shall be repurchased by the Company at the lower of the Grant Price and the market price at the time of repurchase. The "market price at the time of repurchase" means the closing price of the Company's shares on the trading day preceding the date of consideration by the Board of Directors of the Company for the repurchase of the Restricted Shares of that Participant.

Chapter IV Appraisal Period and Frequency of Appraisal

Article 11 The appraisal period shall be the fiscal year preceding the fiscal year in which the Restricted Shares granted to the Participants are unlocked.

Article 12 During the implementation period of the Scheme, appraisal shall be carried out once annually in accordance with the appraisal year.

Chapter V Appraisal Procedure and Management of Results

Article 13 The Company and its subordinate units shall, in accordance with the management authority, determine the annual performance objectives of each unit and each appraisal subject based on the breakdown of the annual business objectives, and each unit and each appraisal subject to be assessed shall use such annual performance objectives as the basis for the annual performance appraisal.

Article 14 After conclusion of the appraisal year, the Company and its subordinate units shall conduct appraisal against the Participants in accordance with their management authority. The human resources department of the Company shall be responsible for consolidating and verifying the appraisal data and forming a report on the results, which shall be submitted to the remuneration committee of the Board of Directors of the Company for approval.

Article 15 Every appraisee shall have the right to be informed of his/her assessment results. The Company shall inform the appraisee of the assessment results within five working days from the conclusion of the appraisal. If the appraisee disagrees with the appraisal result, he/she may lodge a complaint with the Company within 10 working days of the notification of the appraisal, and the Company may review his/her appraisal result according to the actual situation.

Article 16 After the conclusion of the appraisal, the results of the appraisal shall be filed and stored as confidential information.

Chapter VI Supplementary Provisions

Article 17 These measures shall be formulated, interpreted and revised by the Board of Directors.

Article 18 These measures shall come into effect on the date when they are considered and approved (if applicable) by the shareholders' general meeting of the Company and the A share and H share class meeting as stipulated in the Articles of Association of the Company in force at the time.

CHINA ALUMINUM INTERNATIONAL ENGINEERING CORPORATION LIMITED BOARD OF DIRECTORS' WORK REPORT FOR 2023

In 2023, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Board of China Aluminum International Engineering Corporation Limited (the "**Company**") fully performed the functions, powers and obligations conferred by the Company Law and the Articles of Association. Focusing on the responsibility positioning of "formulating strategies, making decisions and preventing risks", the Company markedly strengthened the construction of the Board, effectively played the role of the Board in governance enhancement, strategic guidance, decision control and risk prevention, and continued to promote and accelerate its high-quality development.

I. KEY OPERATING RESULTS FOR 2023

In 2023, the Company focused on its principal business, continued to deepen the "Science and Technology + International" development plan, and continued to work on six core areas including "quality and efficiency improvement, scientific innovation, deepened reform, transformation and upgrading, strengthened management, and risk prevention and control". Under the strategic guidance of the board of Directors, and an approach of scientific decision-making and effective supervision, a number of business indicators were optimized, for good. In 2023, the Company's newly signed contract amounted to RMB39.811 billion, operating income amounted to RMB22.337 billion, and net cash flow from operating activities was RMB723 million.

(I) Remarkable Achievements in Scientific and Technological Innovation

In 2023, the Company undertook 10 state-level research tasks and 4 research tasks of Aluminum Corporation of China Limited ("**Chinalco**"), won 3 first prizes and 4 second prizes for the first scientific and technological progress of Chinalco, and added 6 national platforms such as new, distinctive, specialised and sophisticated "Little Giants" and National Industrial Design Center, so that the total number of national innovation platforms has reached 20. During the year, 62 scientific and technological achievements were evaluated, of which 18 reached the international leading level, a 30% year-on-year growth; the number of applied invention patents increased by 63% year-on-year, the number of authorized invention patents increased by 49% year-on-year, and there was an addition of 16 overseas patents applications; the Company won the first prize of the Ministerial Science and Technology Prize for 14 items, and 2 second prizes of the Provincial Science and Technology Progress Prize. We promoted information and digital construction to achieve new results, the Hongnipo digital delivery project opened the first ore mine digital delivery order for the Company. SAMI completed the first set of ultrafine liquid horizontal desulfurization system in the electrolytic aluminium industry, with energy consumption reduced by approximately 35% compared with traditional desulfurization.

(II) Overall Optimisation and Adjustment of Our Business Structure

We focused on the non-ferrous industry and advantageous industrial fields, with a significant trend of “returning to the main business”. Newly signed equipment manufacturing contracts increased by 62.08% year-on-year, newly signed industrial project construction contracts increased by 16.81% year-on-year, newly signed engineering survey, design and consulting contracts increased by 0.56% year-on-year, and newly signed civil construction engineering construction contracts decreased by 27.11% year-on-year, and trading business and capital-driven business were halted. We paid close attention to improving the management of key projects, and a number of projects were successfully completed and put into operation. Throughout the year, we won nine National Quality Projects, one Luban Award, and two “China Steel Structure Gold Award”.

(III) Deepening and Expansion of Overseas Business

Increased efforts to develop the international market, with RMB3.379 billion of new overseas contracts signed during the year, including 16 large-scale survey and design contracts with a single contract value of more than RMB10 million, totaling approximately RMB2.79 billion, covering countries such as India, Bolivia, Guinea, Indonesia, the Democratic Republic of the Congo, and Turkey. The Company's overseas revenue for 2023 reached RMB3.374 billion, representing a year-on-year increase of RMB2.37 billion. The pre-250,000 ton electrolytic aluminium project of Huaqing Aluminum in Indonesia designed by GAMI was put into production, marking the successful export of the Company's first 500KA electrolytic aluminium technology to overseas countries.

II. CONSTRUCTION OF THE BOARD OF DIRECTORS IN 2023**(I) Improving the System to Ensure Standardized and Efficient Operation**

The board of Directors has strictly complied with national laws and regulations and the requirements of state-owned securities supervision, and constantly improved the corporate governance system based on the Articles of Association and the Rules of Procedure. In 2023, the Articles of Association of the Company was revised to further clarify the functional positioning of each governance body, and promote each governance body to perform their duties and act according to the regulations in decision-making, implementation and supervision. We have revised the Rules of Procedure of the board of Directors and special committees to ensure that the consideration and approval procedures of the meetings are in accordance with the law, and the decision-making process is scientific and standardized. The work system of independent Directors has been revised to provide institutional guarantee for independent Directors to effectively play their role in decision-making, supervision and consultation. We have also revised the management method of authorization by the board of Directors, the working rules of the General Manager, formulated the rules of procedure for special meetings of the Chairman of the Board of Directors, set up a list of responsibilities

and procedures for decision-making matters, to further clarify the boundary between the board of Directors and managers, and improve the decision-making efficiency of the board of Directors.

(II) Improving the Functions and Powers of the Special Committees to Give Full Play of their Roles

According to the latest state-owned securities regulatory requirements, the board of Directors has optimized and improved the responsibilities of the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Risk Management Committee. Each special committee has a clear division of labor, distinct powers and responsibilities, and efficient operation. The strategic Committee of the board of Directors held three meetings throughout the year to review five matters, and played a positive role in deepening the reform and improving the formulation of plans. The Audit Committee held 6 meetings and considered 17 matters, playing a positive role in strengthening the Company's financial management and internal control. The Nomination Committee held four meetings and considered six matters, playing a positive role in the Company's compliance with the selection process of Directors and appointment of senior executives. The Remuneration Committee held 4 meetings and considered 8 matters, playing a positive role in strengthening the Company's compensation management, performance assessment and incentive. The Risk Management Committee held four meetings and considered eight matters, playing a positive role in strengthening the Company's compliance management and risk management.

(III) Strengthening the Guarantee of Performance of Duties, and Giving Full Play to the Role of External Directors

Firstly, we continued to work on better information support, prepare a monthly "Directors' Newsletter", covering the latest regulatory rules and the Company's financial indicators, marketing, output value, stock trend, issues of concern to investors, etc., to assist outside Directors to keep abreast of major state-owned securities regulatory policies, the Company's reform and development, production and operation; mobilized outside Directors to participate in trainings rules for independent Directors and other related matters organized by regulatory agencies, and attend important Company meetings such as corporate strategy seminars, annual and semi-annual work meetings; the management regularly reported the progress of the Company's overseas business, safety and environmental protection, internal risk control and other important matters to the outside Directors to ensure that they have dynamic information on the Company's production, operation and management. **Secondly**, we provided solid communication support, organized regular communication between outside Directors and executive Directors, and hold a communication meeting between the chairman and independent Directors at least once a year; strengthened pre-meeting communication of the board of Directors, holding nine thematic communication meetings of outside directors throughout the year, which promoted the improvement of decision-making quality. **Thirdly**, we worked on better implementation support, established the implementation mechanism of outside

Directors' opinions and suggestions, mobilized outside Directors to carry out special research to 5 survey and design enterprises and 2 construction enterprises of the Company, decomposed and implemented the opinions and suggestions raised by outside Directors in the research, and reported the implementation status to the board of Directors in a timely manner, so as to promote the high-quality development of the Company.

III. PERFORMANCE OF DUTIES OF THE BOARD OF DIRECTORS IN 2023

(I) Standing High to "Set Strategy" and Steer the Reform and Development of Enterprises

The board of Directors continued to strengthen its strategic leading role and promote the Company to carry out the mid-term evaluation and adjustment of the "14th Five-Year Plan", adhered to the orientation of serving the national strategy, comprehensively implement the new development concept, focus on improving the core competitiveness and enhancing core functions of the enterprise, and accelerate the establishment of core capabilities in the three fields of technological innovation, industrial control and safety support, taking the reform deepening and upgrading action of state-owned enterprises as an opportunity, guiding the Company to prepare the implementation plan of reform deepening and upgrading action, holding the reform work of science and technology enterprises, clarifying the development path of "123+N", forming a business model centered on "technology +", and promoting the reform direction of making the construction business refined, better, stronger and special. The market-oriented reform working meeting of construction enterprises was held, and the reform direction of "stronger, bigger and better" was clarified in accordance with the development model of "professional, refined, strong and specialised".

(II) Scientific and Standardized "Decision-Making" and Compliant and Efficient Operation of the Board of Directors

During the year, the board of Directors held 9 meetings and considered 65 matters, involving the Company's periodic report, ESG report, internal control, financial and other matters. We allowed for full communication before the meeting, scientific decision-making and compliant review procedures during the meeting. After the meeting, all decision-making matters will be included in the supervision list, the responsible department or unit will be clearly defined, the supervision will be conducted weekly, and the Director will receive reports through the monthly Director's Newsletter, so as to achieve closed loop management of the implementation of the board's resolutions.

(III) Improving the System for "Risk Prevention", and Continuing to Improve Risk Prevention and Control Capabilities

The board of Directors closely monitored changes in domestic and foreign industry policies, economic operation dynamics and the capital market, and supervised the management to strengthen the identification and investigation of

risks in new businesses and new situations, strengthened the construction of internal control system and risk prevention, and adhered to the bottom line of preventing major risks. We promoted the “trinity” construction of law, risk and compliance, and reviewed the Company’s rule of law construction, compliance management, risk management and major risk assessment. It has continued to deepen the construction of enterprises under the rule of law, set up a compliance management organization system covering the corporate governance level, management level and work implementation level, and established a “1+N” compliance management system with compliance management regulations as the core, related supporting systems and special guidelines as the basis, and compliance management manuals as supplements. We focused on the Company’s business risk characteristics, organized the identification and evaluation of the Company’s major risks in 2023, and required the management to formulate major risk control plans and countermeasures.

(IV) Connecting to the Capital Market and Enhance the Value Recognition as a Listed Company

The board of Directors always adheres to the bottom line of legal compliance and the orientation of investor needs, constantly improves the quality of information disclosure, strengthens investor relationship management, and enhances the market recognition and value realization as a listed company. **Firstly**, we continued to improve the quality of information disclosure, published 134 A-share announcements and related documents, and 211 H-share announcements and related documents in both Chinese and English, without a single error. In the third quarterly report of 2023, the Company voluntarily disclosed the Company’s operation and other information useful for investors’ decision-making, showing that the Company’s development continued to be positive. **Secondly**, we actively maintained investor relations and effectively deliver company value, participated in the “I am a Shareholder” activity organized by SSE and China Business Network to communicate with investors round the infrastructure industry, held an activity called “Investors’ Walk into Listed Companies” and held 3 results presentation meetings during the year.

(V) Convened General Meetings According to Law and Strictly Implemented Resolutions of General Meetings

The Board submitted relevant matters to the general meetings for consideration actively in strict accordance with the Company Law, the Code of Corporate Governance for Listed Companies and the Articles of Association. A total of 3 general meetings were convened and held throughout the year, and 21 proposals were considered and approved. The Board strictly complied with the resolutions and authorisations of the general meetings, faithfully implemented the resolutions approved by the general meetings, supervised and procured the implementation of the Company’s capital expenditure plan for 2023; completed the change of the Company’s auditing firm; revised the Articles of Association and Rules of Procedure of the board of Directors; completed the signing of the Engineering Services Master Agreement, the General Sale and Purchase Agreement

of Commodities and the Master Agreement of General Services with Chinalco, with the actual transaction amount for the year not exceeding the cap of the relevant agreements.

IV. WORK PLAN OF THE BOARD FOR 2024

In 2024, the board of Directors of the Company will fully implement the spirit of the 20th National Congress of the Communist Party of China, taking quality development as the top priority and based on its own functional positioning, strive to build a world-class modern new industrial service enterprise that provides comprehensive solutions for advanced nonferrous metal technologies, complete sets of equipment and integrated services.

(I) Strengthened Strategic Guidance to Promote High-Quality Development of the Company

The board of Directors will strengthen its strategic leading role and promote the implementation of the Company's "14th Five-Year Plan" and medium-term adjustment plan, and the implementation plan of the reform deepening and upgrading action. In accordance with the "332+N" development mindset, we will base ourselves on **three markets**, deeply cultivate **three fields**, innovate **two models**, create **N new business forms**, and realize the transformation into a modern new industrial service enterprise.

Firstly, base on three markets. Deeply cultivate and refine the internal market of Chinalco; deeply dig into the market potential of non-ferrous metals and advantageous industrial fields, consolidate and expand the domestic market; unswervingly expand the international market.

Secondly, deeply cultivate three fields. To provide full life cycle and full process technical services; to supply technology + mid-to-high-end products; to implement investment, financing, construction and operation projects in non-ferrous industries and industrial fields with technology as the core.

Thirdly, innovate business model. Shift the business model from one-off project services to providing customers with products, services and comprehensive solutions throughout the entire life cycle, the entire industry chain and all professional fields; shift the commercial model from single project delivery to the sharing of technical value results, long-term equipment product revenue sharing, digital and intelligent long-term maintenance revenue sharing, among other operational and platform models.

Fourthly, form a new business pattern of "technology + N" model. With technological innovation as the center, capacity building as the radius, user demand as the guidance, and superimpose new business forms such as technology + products, technology + services, technology + equipment, technology + investment, etc, with the "technology +" model. The design and survey business shall follow the "123+N" model, and the construction business shall follow the direction of

“specialisation, refinement, strength and special” to achieve transformation, upgrading and high-quality development.

Fifthly, promote the transformation into a modern new industrial service enterprise. Taking “serve the high-quality development of the core industry of Chinalco” as the guidance, promote the integrated development of the production service industry, taking digital operation and maintenance, digital manufacturing and industrial Internet as technical means to create a new model of industrial services, establish design innovation advantages **on the research and development side**, expand consulting service capabilities **on the marketing side**, promote manufacturing system upgrade **on the production side**, drive the enterprise to develop into high value-added links such as design and services at both ends of the industrial chain, and shift towards the “technology +” model, so as to effectively enhance corporate competitiveness.

(II) Improving the Operation Mechanism and Efficiency of Decision-Making

Firstly, we will further improve the corporate governance system. In accordance with the latest revision of the Company Law and other laws and regulations, we will improve the corporate governance system and provide institutional guarantees for the standardized and efficient operation of the board of Directors.

Secondly, we will strengthen the pre-meeting communication mechanism. By holding thematic communication meetings and other means, the in-depth exchanges between Directors and managers should be strengthened to ensure sufficient demonstration of major issues and more in-depth risk analysis.

Thirdly, we will strengthen the information support mechanism. By submitting production and operation information in a timely manner, procuring the participation in state-owned securities supervision training, etc., we ensure Directors obtain information needed for decision-making in a timely manner.

Fourthly, we will strengthen the tracking and feedback mechanism to ensure that board decisions are carried out.

(III) Enhanced Risk Prevention and Control to Secure the Bottom Line of our Development

Firstly, we will strictly observe the bottom line of preventing further major operational risks. Through strengthened compliance control and restructuring of process, we intend to promote the construction of system and process, and realize process risk control. We also aim to improve the audit system with strengthened audit supervision. We will work towards accelerated digitization of management in hopes to realize fully online and systematic management of projects as soon as possible, and early detection, identification and prevention of risks.

Secondly, we will focus on risk prevention in key areas. We will work on strengthened control over “receivables and inventories” and strictly control their scale. We will implement targeted initiatives and make every effort to improve the governance of loss-making enterprises. Continuous management and improvement, comprehensive prevention and control of case risks will also be put in place.

Thirdly, we will continue to encourage enterprises to duly perform safety and environmental protection work. Focus on the intrinsic safety of design and on-site construction, we will firmly carry out the “production safety action”, carry out in-depth investigation and rectification of major accident hidden dangers and ecological environmental problems, and build a solid foundation for high-quality development.

**CHINA ALUMINUM INTERNATIONAL ENGINEERING
CORPORATION LIMITED
REPORT OF THE BOARD OF SUPERVISORS 2023**

In accordance with the Company Law of the People's Republic of China (the "**Company Law**"), the Articles of Association of China Aluminum International Engineering Corporation Limited (the "**Articles of Association**") and other relevant regulations, the Board of Supervisors of China Aluminum International Engineering Corporation Limited (the "**Company**") faithfully performed its supervisory duties in the spirit of being responsible to all shareholders, actively and effectively carried out its work, and strived to safeguard the legitimate rights and interests of the Company and its shareholders.

I. COMPOSITION OF THE BOARD OF SUPERVISORS

In 2023, the fourth session of the Board of Supervisors of the Company comprises three Supervisors, namely Mr. Fan Guangsheng, the chairman of the Board of Supervisors, Mr. He Wenjian, a Supervisor, and Ms. Lin Ni, a Supervisor.

Due to work reallocation, Mr. Fan Guangsheng resigned as the chairman of the Board of Supervisors and an employee representative Supervisor of the Company on 29 January 2024. The Company held the third meeting of the third session of the employee representative meeting and the 13th meeting of the fourth session of the Board of Supervisors on the same day, at which Ms. Xiao Hongmei was elected as an employee representative Supervisor of the fourth session of the Board of Supervisors of the Company and Ms. Lin Ni was elected as the chairman of the fourth session of the Board of Supervisors of the Company, respectively. At present, the three Supervisors of the fourth session of the Board of Supervisors of the Company are Ms. Lin Ni, the chairman of the Board of Supervisors, Mr. He Wenjian, a Supervisor, and Ms. Xiao Hongmei, a Supervisor.

II. MAJOR WORK OF THE BOARD OF SUPERVISORS

In 2023, the Board of Supervisors of the Company conscientiously supervised (among others) the legality of the Company's operation, finance and the performance of duties by the Directors and senior management of the Company in accordance with (among others) the provisions of the Articles of Association and the Rules of Procedure of the Board of Supervisors of China Aluminum International Engineering Corporation Limited, and had no objection to matters subject to supervision during the Reporting Period.

During the Reporting Period, the Board of Supervisors of the Company held six meetings in total, at which 16 resolutions were considered. Details are as follows:

Name of Meeting	Time of convening	Proposals considered
Sixth meeting of the fourth session of the Board of Supervisors	7 March 2023	Proposal on the consideration and approval of the 2022 Annual Results Announcement and Annual Report of the Company Proposal on the consideration and approval of the 2022 Final Financial Report of the Company Proposal on the consideration and approval of the 2022 Business Plan Report of the Company Proposal on the consideration and approval of the 2022 Profit Distribution Plan of the Company Proposal on the Company's Provision for Asset Impairment in 2022 Proposal on the consideration and approval of the 2022 Environmental, Social and Governance Report of the Company Proposal on the consideration and approval of the 2022 Internal Control Evaluation Report of the Company Proposal on the consideration and approval of the 2022 Work Report of the Board of Supervisors of the Company
Seventh meeting of the fourth session of the Board of Supervisors	27 April 2023	Proposal on the 2023 First Quarterly Report of the Company
Eighth meeting of the fourth session of the Board of Supervisors	28 June 2023	Proposal on Changes in Accounting Estimates for Expected Credit Loss of Contract Assets
Ninth meeting of the fourth session of the Board of Supervisors	22 August 2023	Proposal on the 2023 Interim Report of the Company Proposal on the Company's Provision for Asset Impairment for the First Half of 2023
Tenth Meeting of the fourth session of the Board of Supervisors	27 October 2023	Proposal on Considering the 2023 Third Quarterly Report of the Company

Name of Meeting	Time of convening	Proposals considered
Eleventh meeting of the fourth session of the Board of Supervisors	8 December 2023	Proposal on the 2023 Restricted Share Incentive Scheme (Draft) of China Aluminium International Engineering Corporation Limited and its Summary Proposal on the Administrative Measures for the 2023 Restricted Share Incentive Scheme of China Aluminium International Engineering Corporation Limited Proposal on the Assessment Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminium International Engineering Corporation Limited

By participating in important meetings of the Company, listening to the reports of the Company's management and effective deliberation of meeting proposals, the Board of Supervisors of the Company communicated with the Company's management smoothly, supervised the formulation of the Company's equity incentives schemes, supervised the compliance and rationality of major financial decisions such as profit distribution, changes in accounting estimates and provision for impairment, reviewed the authenticity, accuracy and completeness of regular reports, supervised risk management and internal control compliance of the Company, etc., and effectively safeguarded the legitimate rights and interests of the Company and shareholders, especially minority shareholders.

III. PERFORMANCE OF DUTIES BY MEMBERS OF THE BOARD OF SUPERVISORS

In 2023, members of the Board of Supervisors of the Company faithfully and diligently performed their duties in accordance with regulatory requirements and the relevant provisions of the Articles of Association. The Board of Supervisors attended or observed the general meetings, the Board of Directors and the Board of Supervisors in accordance with regulations, of which the attendance rate of the Board of Supervisors was 100%. The members of the Board of Supervisors gave full play to their professional expertise and experience in economics, auditing, accounting, management and other fields, earnestly performed their duties, took active actions, put forward many constructive opinions and suggestions on the high-quality development of the Company, and played an important role in improving the corporate governance and supervision mechanism of the Board of Supervisors of the Company and improving the level of supervision and performance of duties.

IV. EXPRESS OF OPINIONS ON RELEVANT MATTERS BY THE BOARD OF SUPERVISORS

(1) Legal Compliance of the Company's Operations

The Board of Supervisors is of the view that the Board and the management of the Company were able to operate in strict compliance with the Company Law, the Articles of Association and the relevant laws and regulations of the places where the Company is listed, perform their duties in good faith, truthfully and with diligence,

and earnestly implemented the resolutions and authorisations of the general meeting; the decision-making and various business activities were in compliance with the laws and regulations and the Articles of Association, and no violation of laws, regulations, violation of the Articles of Association and damage to the interests of the shareholders of the Company were found in the performance of their duties.

(2) Financial Information of the Company

During the Reporting Period, the Board of Supervisors supervised and audited the financial position and operating results of the Company for 2023, and is of the view that the preparation of the financial statements of the Company was in compliance with the relevant provisions of the Accounting System for Business Enterprises and the Accounting Standards for Business Enterprises, and the financial reports gave a true, objective and accurate view of the financial position and operating results of the Company. Grant Thornton carried out audit works in accordance with the China Accounting Standards for Business Enterprises and issued a standard unqualified audit report; their audit opinions are fair and objective.

(3) Verification of Equity Incentives of the Company

There is no circumstance in which the Company is prohibited by laws and regulations to implement the Restricted Share Incentive Scheme, and the contents, formulation and consideration procedures of the 2023 Restrictive Share Incentive Scheme of China Aluminum International Engineering Corporation Limited (Draft) comply with the provisions of relevant laws, regulations and regulatory documents and the Articles of Association.

(4) Internal Control of the Company

During the Reporting Period, the Board of Supervisors reviewed the 2023 Internal Control Evaluation Report of China Aluminium International Engineering Corporation Limited, and considered that the report fully, truthfully and objectively reflected the actual situation of the Company's internal control.

(5) Performance of Social Responsibilities by the Company

During the Reporting Period, the Company made outstanding contributions to environmental protection, employee care and rural revitalization. The Company actively participated in public welfare and charity, earnestly fulfilled its social responsibilities, and safeguarded the interests of shareholders, customers and employees.

(6) Other Matters

During the Reporting Period, the Board of Supervisors reviewed and supervised the Company's provision for asset impairment and changes in accounting estimates, and is of the view that the Company's decision-making procedures related to provision for asset impairment and changes in accounting estimates were in compliance with relevant laws and regulations and the Articles of Association, and there was no prejudice to the interests of the Company and Shareholders.

I. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three financial years ended 31 December 2021, 2022 and 2023 are disclosed on the 2021 annual report of the Company dated 4 May 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0504/2022050400647.pdf>), the 2022 annual report of the Company dated 12 April 2023 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0412/2023041200219.pdf>) and the 2023 annual report of the Company dated 16 April 2024 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0416/2024041600757.pdf>), respectively, published by the Company on HKExnews website (www.hkexnews.hk) and the Company's website (www.chalieco.com.cn).

II. STATEMENTS OF INDEBTEDNESS**Debt Securities**

As at 30 April 2024, there was no outstanding balance of short-term bonds payable by the Group.

Bank and Other Borrowings

As at 30 April 2024, the Group had outstanding borrowings of RMB9.56 billion, including secured bank borrowings of RMB3 million, guaranteed borrowings of RMB530 million and credit borrowings of RMB9.027 billion.

Pledge of Assets of the Group

As at 30 April 2024, certain assets of the Group with a book value of RMB3 million were pledged to banks and financial institutions for loan financing used and bills payable obtained by the Group's subsidiaries.

Contingent Liabilities

As at 30 April 2024, the Group did not have any material contingent liabilities.

No Material Change

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities.

III. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available banking facilities and the internally generated resources of the Group, the Group has sufficient working capital for its requirements with the next 12 months from the date of this circular.

IV. FINANCIAL AND TRADING PROSPECTS

Risk Factors

The Company is exposed to, inter alia, credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and other price risks).

1. Credit Risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligation, causing financial losses to the other party.

The Company's credit risk mainly involves receivables. Specific measures to control this risk are as follows:

The Company's accounts receivable are mainly generated from the engineering construction business. The Company's internal control system requires that the Company perform credit assessment on each client before submitting a bid and if the construction lasts over one year, reperform the credit assessment on a regular basis. Based on its contract review system, the project management department, the financial department, the legal department and other departments jointly review the contract to determine reasonable payment terms so as to minimize our advance risk. Operating cash flows linked performance indicators are in place to urge subsidiaries to speed up collection of receivables. The Company reviews the collection of receivables on an individual basis on the balance sheet date and requires additional guarantee in respect of key accounts associated with potential structural risks to ensure adequate impairment of credit losses for unrecoverable receivables.

2. Liquidity Risk

Liquidity risk refers to the risk that the Company is short of funds when performing its settlement obligations by delivery of cash or other financial assets.

The financial department continuously monitors the Company's short-term and long term fund requirements to maintain adequate cash reserve. The Company utilizes multiple financing means including notes, bank borrowings and entrusted loans to maintain the balance between sustainability and flexibility of financing. The Company has obtained credit lines from several commercial banks with higher credit ratings to meet its demand for working capital and capital expenditure. Management monitors the use of bank borrowings and ensures compliance with loan agreements.

3. *Market Risk*

Market risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate as market prices changes, including exchange rate risk, interest rate risk and other price risks.

a. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in market interest rates. The Company's interest rate risk mainly arise from both recognized interest-bearing financial instruments and unrecognized financial instruments (e.g. certain loan commitments).

The Company's interest rate risk arises mainly from long-term interest-bearing debt such as long-term bank borrowings and bonds payable. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular reviews and monitoring.

The Company closely monitors the impact of interest rate changes on the Company's interest rate risk. The Company does not currently have an interest rate hedging policy. However, management is responsible for monitoring interest rate risk and will consider hedging significant interest rate exposure when required. An increase in interest rates could increase the cost of new interest-bearing debt as well as interest expense on the Company's outstanding interest-bearing debt with floating interest rates and have a material adverse effect on the Company's financial results. Management will make timely adjustments based on the most recent market conditions, which may be in the form of interest rate swaps arranged to reduce interest rate risk.

For financial instruments held at the balance sheet date that expose the Company to fair value interest rate risk, the effect on net income and shareholders' equity in the sensitivity analysis above is the effect of re-measuring the above financial instruments at the new interest rate, assuming that the change in interest rates occurs at the balance sheet date. For floating rate non-derivative instruments held at the balance sheet date that expose the Company to cash flow interest rate risk, the impact on net profit and shareholders' equity in the above sensitivity analysis is the impact of the change in the above interest rates on interest expense or income estimated on an annualized basis. The analysis for the prior year was based on the same assumptions and methodology.

b. Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in foreign exchange rates. The exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the functional currency.

Exchange rate risk mainly represents the exposure of the Company's financial position and cash flows to fluctuations in foreign exchange rates. Except for the subsidiary established in Hong Kong which holds assets denominated in Hong Kong dollars, there is only a small amount of Hong Kong market investment business, and the proportion of foreign currency assets and liabilities held by the Company to the overall assets and liabilities is insignificant. Therefore, the Company considers that the exposure to exchange rate risk is not material.

OPERATIONAL PLAN FOR 2024

In 2024, the Company will solve issues with the approach of high quality Party building + strengthening operations, promoting transformation, reducing risks, and deepening reforms", adhere to the combination of systematic work and key and difficult work, and focus on "1+10" special actions, namely high-quality Party building leadership and guaranteeing action + specialised reform action, safety production action, scientific and technological innovation breakthrough action, overseas development enhancement action, extreme cost reduction and efficiency improve action, contract enhancement and efficiency increase action, performance quality enhancement action, "two funds" collection action, loss-making enterprise quit action, and digital intelligence empowerment special action. The Company will clarify the task objectives, formulate work measures, divide responsibilities and strengthen the implementation, so as to better play the roles of scientific and technological innovation, industrial control and safety reinforcement, further enhance the core functions of the enterprise, improve core competitiveness, and lay the foundation for achieving high-quality development and accelerating the construction of the "New Chalieceo".

1. Strengthening operations and anchoring to the full-year business target without relaxation

Take marketing as the leader and strengthen the foundation of development. Adhering to the development strategy of "science and technology + internationalisation", focusing on the main business of non-ferrous metals, relying on technological advantages, not only focusing on the incremental volume but also tapping into the stock volume, making every effort to open up both domestic and foreign markets. Optimise the business structure and income structure from the source of market development, improve the quality of contracts, and implement the "Contract Enhancement and Efficiency Action", so as to achieve effective improvement in quality and reasonable growth in quantity. Deepen strategic marketing and major customer marketing, grasp the key markets, key customers and major projects. Standardise and promote collaborative marketing,

establish upstream and downstream enterprises' collaborative marketing incentive mechanism, share project resources and project revenue, and vigorously promote engineering design business to drive engineering construction business. Further expand the business field, relying on the established business channels and technology research and development capabilities, closely follow the national policy, open up new industrial tracks, form new growth points, and enhance the proportion of new industrial business. Optimise the business layout, actively build a new pattern of synergistic development of platform companies, professional companies and regional companies, and focus on the layout of advantageous business regions with abundant resources and good economic foundation. Increase our efforts to develop overseas markets, set up an overseas business division, systematically implement the "Overseas Development and Enhancement Action", improve the "1+N+1" overseas market layout system. Focus on key projects in key regions, keep an eye on Rio Tinto's Simandou project and aluminum oxide project, as well as the Laos VPG project, and strive to sign a number of high-quality contracts.

Enhance the quality of project performance and polish the Chalieco brand. Deepen the "four improvement" concepts of "entrepreneurship, marketisation, professionalism and rule of law" in project management, carry out the "special action to improve the quality of performance", and comprehensively enhance customer satisfaction and market reputation. Reconstruct the project management system, optimise the Company's project management and control structure, and clarify the project management responsibilities according to the levels of company, enterprises and projects; fully implement the "two systems" for projects, and press down the control responsibilities at each level and item by item. Strengthen project performance management, implement list management for key projects, implement responsibilities at different levels, track progress regularly and match resources support such as funds, policies, among others. Strengthening project management capacity building, systematically formulating training programmes for project management personnel. Create a professional project management team whose "certificates" match with their "competence" through self-development and market introduction. Implement standardised site construction, setting up special benchmark projects, strengthening inspection and management of key projects and establishing a feedback mechanism for project evaluation.

Strengthen the cost control of all elements and systematically enhance the essential profitability. Taking "Extreme Cost Reduction and Efficiency Actions" as a handle, enhance the promotion of the implementation of project cost management and control to achieve results, firmly grasp reform and cost reduction, reduce financial expenses and build up the competitive advantage of enterprise cost at all levels and in all elements to enhance the profitability. Reshape the procurement and bidding management system, implement hierarchical and categorised procurement supervision, and improve procurement efficiency and effectiveness. Pay close attention to subcontracting management and improve the proportion of labour subcontracting. Comprehensively promote the project information management system to achieve accurate control of internal controllable costs and external procurement costs. Reasonably control the scale of interest-bearing financing, continuously optimise the capital structure, and continue to implement the dual control of the scale of interest-bearing financing and asset-liability ratio; strengthen foreign exchange management, carry out spot foreign exchange settlement and forward locking business, reduce the impact of exchange rate fluctuations on our operating results.

2. Pushing forward transformation and promoting the Company's high-quality development to a steady and far-reaching extent

Precise categorisation for the implementation of transformation and development. In accordance with the development path of “123+N”, design and survey enterprises shall take the “Science and Technology Reform Action” as an opportunity to focus on scientific and technological innovation, technology engineering and transformation of scientific and technological achievements, focusing on the iterative upgrading of traditional industries, safeguarding of mineral resources, and the strategic, new and future industries to form a “technology+” centred business model. Take the EPC business as the key direction of business development, and take design enterprises as the leader to systematically improve the comprehensive ability of general contracting project marketing and project management. The construction enterprises, in accordance with the development mode of “professionalism, refinement, strength and speciality”, shall deeply push forward the market-oriented reform and professional integration, create a competent and competitive professional metallurgical construction team, and strengthen, optimise and specialise the construction business. Give full play to our “triple-full” advantages of full metal categories, full industrial chains and full business cycles, strengthen internal synergy, and continuously improve the ability of resource integration; through the digital integration of the whole business chain and the close cooperation between design, survey and construction enterprises to optimise the elements of the project construction in a comprehensive way, continue to push forward the integration of the value chain and comprehensively enhance the comprehensive competitiveness of the enterprise.

Gathering scientific and technological innovation synergy. Focusing on the “science and technology innovation breakthrough action” to promote high-quality transformation through science and technology innovation. Carry out deep and thorough reform of the science and technology innovation system, strengthen the overall coordination of Chalieco, establish a planning system of “science and technology planning + scientific research plan and results promotion plan”, and build up systematic capabilities; strengthen the synergy of industry, academia and research integration, and establish a regular connection mechanism with other operating units of Chinalco, societies and associations, higher education institutes and leading enterprises; strengthen the operation mechanism of marketisation, entrepreneurship and engineering, and enhance our whole industry market competitiveness. Actively promote the key and core technology research and development, push forward the national major research and development tasks and major special projects according to the plan. Accelerate the industrialisation of scientific and technological achievements, and adopt core technologies to provide high-quality survey, design, consulting and other technical services for major projects and equipment development tasks, such as Qinghai electrolysis, Huasheng Phase II and Xizang Golden Dragon. Accelerate the development of the new mode of development with “technology+” as the core to enhance customer stickiness and develop new productivity. Reasonably plan the patent layout around major key core technology areas and major business expansion areas, form patent clusters and accelerate the application of overseas patents.

Accelerate the digitalization and informatisation transformation. Improve the top-level design of digitalisation and informatisation, taking “Digital Intelligence Empowerment Special Action” as a handle to promote the relevant work around the two main lines of management digitisation and digital industrialisation, make efforts to consolidate the digitalisation foundation base, and push forward the unification of data, software and hardware standards. Accelerating management digitisation, coordinate the construction of Chalieco ERP platform on the basis of business and finance system to achieve online and systematic management of all projects. Promote the construction of cost management platform and design and R&D platform. Accelerate the development of digital industrialisation, coordinate the construction of digital delivery platforms, accelerate the promotion of a number of digital delivery projects such as Huayun Phase III, Qinghai 600kA, Yunnan Copper & Zinc relocation, Hongnipo, etc., and enhance the coverage of BIM technology application in key projects of construction enterprises.

3. Risk mitigation to build a solid foundation to make up for shortcomings and forging a long-lasting foundation

Adhere to the bottom line of safety and environmental protection and build a solid foundation for high-quality development. Firmly establish the fundamental principle of two “supremacies” and carry out the “production safety action”. Focus on the intrinsic safety of design and on-site construction and strengthen the demonstration and review of safety technical plans for dangerous and ultra-dangerous sub-projects; strengthen the implementation of safety standardisation system and strengthen the whole process of control of contractors. In terms of ecological environmental protection, take the three-year action of remediation of ecological environmental issues as the main line, clearing the stock, curbing the increment, and striving for the establishment of a green site.

Strengthening the control of the “two funds” and making every effort to resolve the risk of the “two funds”. Launch the “Two Funds’ Collection Campaign”, strictly control the scale of “Two Funds”, control the incremental amount while press the stock amount. Carry out regular management of incremental “two funds”, carry out whole process control from market development, contract signing, project implementation, settlement and collection, the proportion of incremental “two funds” accounted for the operating income shall be controlled at industrial advanced level; carry out all-out efforts to solve the stock “two funds”, and implement list management on important and complex matters.

Implementing precise measures and promoting the governance of loss-making enterprises with full force. With the “loss-making enterprise annihilation action” as a vehicle to accurately differentiate between enterprises with main responsibilities, cultivated enterprises, enterprises in the clearance category and enterprises in the transformation category. A programme will be formulated for each enterprise, with clear objectives and measures to address losses.

4. Deepening reform, excelling in multi-point breakthroughs to open new horizons

Comprehensively implement the “Special Action on Reform”, carry out systematic structural market-oriented reforms and continue to strengthen the building of capacity, motivation and vitality.

Accelerating the construction of excellent headquarters. Optimise the institutional setup and staffing of the headquarters, strengthen the four functions of the headquarters, namely operation, management, synergy and service. Strengthen professional capacity building and business digital system construction, enhance the standardisation, process and informationisation level of management, realise penetrating management and matrix management of business management system, and build an operational and value-creating corporate headquarters.

Accelerating the reform of organisational optimisation. Implement the synergy between the reform of the business system and the reform of the human resources system, optimise the management structure, and achieve the goal of streamlining the organisation and enhancing efficiency.

1. RESPONSIBILITY STATEMENT

This document, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS AND CONFIRMATION

As at the Latest Practicable Date:

- a) none of the Directors, Supervisors, chief executive and senior management of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were, pursuant to section 352 of the SFO, required to be recorded in the register referred therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers;
- b) none of the Directors, Supervisors and senior management of the Company or their spouses or children under the age of 18 was granted any rights to subscribe for any equity security or debt security of the Company;
- c) except that Mr. ZHOU Xinzhe (周新哲) and Mr. ZHANG Decheng (張德成) who hold management positions in Chinalco and its subsidiaries, none of the Directors has material interests in any contract or arrangement which has been entered by any member of the Group since 31 December 2023 (being the date to which the latest published audited annual financial statements of the Company were made up), was subsisting as at the Latest Practicable Date and significant in relation to the business of the Group;
- d) none of the Directors, proposed Directors or expert has any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2023 (being the date to which the latest published audited annual financial statements of the Company were made up); and
- e) so far as is known to the Directors, none of the Directors, proposed Directors and any of their respective associates were interested in any business

(excluding the business of the Group) which competes or is likely to compete either directly or indirectly with the business of the Group and as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them is a Controlling Shareholder.

3. SERVICE CONTRACTS

The Company has entered into service contracts with all the Directors and Supervisors. None of the Directors or Supervisors, including the proposed Directors or Supervisors, has a service contract with the Company which is not determined by the Company within one year without payment of compensation, other than statutory compensation.

4. MATERIAL LITIGATION OR ARBITRATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there are no any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, proposed Directors and their associates had any competing interest in any business which directly or indirectly competes or is likely to compete with the business of the Group.

7. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors of the Company, the following persons (other than the Directors, supervisors and senior management) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the Shareholders' general meetings:

As at the Latest Practicable Date, so far as known to the directors of the Company, the following persons (other than the directors and senior management of the Company) had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO; or have the records of interests register to be kept under Section 336 of the SFO,

or are deemed to carry the right to directly and or indirectly 5% or more in the nominal value of any class of share capital being voted at the general meeting of the Company in any circumstance:

Name of shareholder	Class of shares	Capacity/ nature of interest	Number of shares held (share)	Approximate percentage of shareholding in relevant class of shares (%) (Note 1)	Approximate percentage of shareholding in total share capital (%) (Note 1)
Chinalco (Note 2)	A Share	Beneficial owner	2,176,758,534 (Long position)	85.04	73.56
		Interest of controlled corporation	86,925,466 (Long position)	3.40	2.94
The Seventh Metallurgical Construction Group Co., Ltd.	H Share	Beneficial owner	69,096,000 (Long position)	17.30	2.34
CNMC Trade Company Limited	H Share	Beneficial owner	59,225,000 (Long position)	14.83	2.00
Peaktrade Investments Ltd.	H Share	Beneficial owner	59,210,000 (Long position)	14.82	2.00
Leading Gain Investments Limited (Note 3)	H Share	Nominee of another person (other than passive trustee)	29,612,000 (Long position)	7.41	1.00
China XD Group Co., Ltd.	H Share	Beneficial owner	29,612,000 (Long position)	7.41	1.00
Yunnan Tin (Hong Kong) Yuan Xing Company Limited	H Share	Beneficial owner	29,612,000 (Long position)	7.41	1.00

Note 1: The percentage is calculated by dividing number of relevant class of Shares in issue of the Company as at the Latest Practicable Date by total number of Shares.

Note 2: Chinalco is interested in 2,263,684,000 A Shares, representing approximately 76.50% of the total share capital of the Company. among which, Chinalco directly held 2,176,758,534 A shares, accounting for 73.56% of the total share capital of the Company. Luoyang Institute is a wholly-owned subsidiary of Chinalco and directly holds 86,925,466 A Shares, representing approximately 2.94% of the total share capital of the Company. Chinalco is therefore also deemed to be interested in the A Shares held by Luoyang Institute under the SFO.

Note 3: Leading Gain Investments Limited is the nominee holder of Beijing Jundao Technology Development Co., Ltd.

8. QUALIFICATION AND CONSENT OF EXPERT

The below is the qualification of the expert who provided views or advice for inclusion in the circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- a) As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group, nor did they have rights (whether legally enforceable or not) to subscribe for or to nominate others to subscribe for the securities in any member of the Group.
- b) As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of the circular with its statement included in the form and context in which it is included.
- c) As at the Latest Practicable Date, the above expert did not have any interest in the assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2023 (being the date to which the latest published audited annual financial statements of the Company were made up).

9. OTHER INFORMATION

- a) Mr. TAO Fulun and Ms. Ng Ka Man (吳嘉雯) are the joint company secretaries of the Company. Mr. TAO Fulun has been granted by the Stock Exchange a waiver from strictly complying with the company secretary qualification requirement for Hong Kong listed companies. For details, please refer to the Company's announcement dated 28 March 2024.
- b) The address of the Company's registered office is Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the PRC.
- c) The Company's H Share registrar is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- d) In the event of any discrepancy between the English version and the Chinese version, the English version shall prevail over the Chinese version.

10. MATERIAL CONTRACT

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the Group did not enter into any material contract.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the following documents will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.chalieco.com) for a period of 14 days from the date of this circular:

- a) The Articles of Association of China Aluminum International Engineering Corporation Limited;
- b) The Original Financial Services Agreement;
- c) The New Financial Services Agreement;
- d) the Letter from the Independent Board Committee, the text of which is set out in this circular;
- e) the Letter from Gram Capital, the text of which is set out in this circular;
- f) the written consent from the expert mentioned in this appendix;
- g) The annual reports of the Company for the two financial years ended 31 December 2022 and 2023, respectively; and
- h) This circular.

NOTICE OF THE 2023 ANNUAL GENERAL MEETING



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)

NOTICE OF THE 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 annual general meeting (the “AGM”) of China Aluminum International Engineering Corporation Limited (the “**Company**”) will be held at Conference Room 312 of China Aluminum International Engineering Corporation Limited, Building C, No. 99 Xingshikou Road, Haidian District, Beijing at 9:30 a.m. on Tuesday, 18 June 2024 for the following purposes.

SPECIAL RESOLUTIONS

1. To consider and approve the resolution on the 2023 Restricted Share Incentive Scheme (Revised Draft) of China Aluminum International Engineering Corporation Limited and the summary thereof;
2. To consider and approve the resolution on the Management Measures for the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited;
3. To consider and approve the resolution on the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited;
4. To consider and approve the resolution on the proposal for the AGM and the Class Meetings to authorise the Board to handle the matters relating to the 2023 Restricted Share Incentive Scheme; and
5. To consider and approve the Resolution of the Company on the issuance of the Onshore and Offshore Debt Financing Instruments.

ORDINARY RESOLUTIONS

6. To consider and approve the Resolution of the Company on the Board of Directors’ work report for 2023;
7. To consider and approve the Resolution of the Company on the Board of Supervisors’ work report for 2023;

NOTICE OF THE 2023 ANNUAL GENERAL MEETING

8. To consider and approve the Resolution of the Company on the financial report for 2023;
9. To consider and approve the Resolution of the Company on the profits distribution plan for 2023;
10. To consider and approve the Resolution of the Company on the capital expenditure plan for 2024;
11. To consider and approve the Resolution of the Company on the purchase of liability insurance for Directors, Supervisors and senior management;
12. To consider and approve the Resolution of the Company on the remuneration standards of Directors and Supervisors for 2024;
13. To consider and approve the Resolution of the Company on the renewal of appointment of the accounting firm;
14. To consider and approve the Resolution of the Company on the renewal of financial services agreement;

ORDINARY RESOLUTIONS (BY CUMULATIVE VOTING METHOD)

15. To consider and approve the Resolution on the election of the Fourth session of non-independent Directors of the Company; and
 - (1) To consider and approve the election of Mr. LIU Dongjun as an executive Director of the fourth session of the Board of the Company;
 - (2) To consider and approve the election of Mr. YANG Xu as a non-executive Director of the fourth session of the Board of the Company;
16. To consider and approve the Resolution on the election of the Fourth session of independent Director of the Company
 - (1) To consider and approve the election of Mr. ZHANG Tingan as an independent non-executive Director of the fourth session of the Board of the Company.

Details of the resolutions above are set out in the circular of the 2023 annual general meeting of the Company.

By Order of the Board
China Aluminum International Engineering Corporation Limited
TAO Fulun
Joint Company Secretary

Beijing, the PRC, 17 May 2024

NOTICE OF THE 2023 ANNUAL GENERAL MEETING

Notes:

1. In order to determine the Shareholders entitled to attend the AGM to be convened on Tuesday, 18 June 2024, the register of members will be closed from Wednesday, 12 June 2024 to Tuesday, 18 June 2024, both days inclusive. In order to be qualified to attend and vote at the AGM, the holders of H Shares of the Company shall lodge relevant share transfer documents with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 11 June 2024.
2. Any Shareholder entitled to attend and vote at the AGM may appoint one or more proxies (whether he/she is a Shareholder) to attend and vote at the AGM on his/her behalf.
3. The form of proxy must be signed by the appointer or his attorney duly authorized in writing or, in case of a legal person, must be either executed under its common seal or under the hand of its Directors or attorney duly authorized.
4. To be valid, the form of proxy must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares of the Company) not less than 24 hours prior to the holding of the AGM. If the form of proxy is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The certified copy of the power of attorney or other authorization documents together with the form of proxy shall be deposited at the specified place at the time set out in such form of proxy.
5. If the appointer is a legal person, its legal representative or any person authorized by resolutions of the Board or other governing bodies may attend the AGM on behalf of the appointer.
6. The Company has the rights to request a proxy who attends the AGM on behalf of a Shareholder to produce his/her proof of identity.
7. The AGM is expected to take less than half day. Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.
8. The address of the Company's head office in the PRC is set out as follows: Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the PRC.

As at the date of this notice, the non-executive directors are Mr. ZHOU Xinzhe and Mr. ZHANG Decheng; the executive directors are Mr. LI Yihua, Mr. LIU Jing, Mr. LIU Ruiping and Ms. ZHAO Hongmei; and the independent non-executive directors are Mr. GUI Weihua, Mr. SIU Chi Hung and Mr. TONG Pengfang.

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2024



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)

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2024

NOTICE IS HEREBY GIVEN that the first H share class meeting of 2024 (the “**H Share Class Meeting**”) of China Aluminum International Engineering Corporation Limited (the “**Company**”) will be held at Conference Room 312 of the Company, Block C, Xingshikou Road No. 99, Haidian District, Beijing, the People's Republic of China on Tuesday, 18 June 2024 after the 2023 annual general meeting and the first A Share class meeting of 2024 of the Company for the following purposes.

A circular containing, among others, following resolutions and the notice convening the H Share Class Meeting (the “**Circular**”) is expected to be despatched to the Shareholders on or before 17 May 2024. Unless the context otherwise requires, expressions used in this notice shall have the same meaning set out in the Circular above.

SPECIAL RESOLUTIONS

1. To consider and approve the resolution on the 2023 Restricted Share Incentive Scheme (Revised Draft) of China Aluminum International Engineering Corporation Limited and the summary thereof
2. To consider and approve the resolution on the Management Measures for the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited
3. To consider and approve the resolution on the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited
4. To consider and approve the resolution on the proposal for the AGM and the Class Meetings to authorise the Board to handle the matters relating to the 2023 Restricted Share Incentive Scheme

Yours faithfully
By order of the Board
China Aluminum International Engineering Corporation Limited
TAO Fulun
Joint Company Secretary

Beijing, PRC, 17 May 2024

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2024

Notes:

1. Any Shareholder entitled to attend and vote at the H Share Class Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a Shareholder of the Company.
2. In order to determine the shareholders entitled to attend the H Share Class Meeting to be convened on Tuesday, 18 June 2024, the register of members will be closed from Wednesday, 12 June 2024 to Tuesday, 18 June 2024, both days inclusive, during which time no transfer of the Company's shares will be registered. In order to qualify to attend and vote at the H Share Class Meeting, the holders of H Shares of the Company shall lodge relevant share transfer documents with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 11 June 2024.
3. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its Directors or attorney duly authorised.
4. To be valid, the form of proxy must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours prior to the holding of the H Share Class Meeting. If such instrument is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the form of proxy, be deposited at the specified place at the time set out in such form of proxy.
5. If the appointer is a legal person, its legal representative or any person authorised by resolutions of the Board or other governing bodies may attend the H Share Class Meeting on behalf of the appointer.
6. The Company has the rights to request a proxy who attends the H Share Class Meeting on behalf of a shareholder to produce proof of identity.
7. The H Share Class Meeting is expected to take less than half day. Shareholders who attend the H Share Class Meeting shall be responsible for their own travel and accommodation expenses.
8. The address of the Company's head office in China is as follows: Block C, No. 99, Xingshikou Road, Haidian District, Beijing, PRC

As at the date of this notice, the non-executive directors of the Company are Mr. ZHOU Xinzhe and Mr. ZHANG Decheng; the executive directors of the Company are Mr. LI Yihua, Mr. LIU Jing, Mr. LIU Ruiping and Ms. ZHAO Hongmei; and the independent non-executive directors of the Company are Mr. GUI Weihua, Mr. SIU Chi Hung and Mr. TONG Pengfang.